



Retirement System Review

Board of Supervisors Personnel Committee Meeting

Philip Hagen, Budget Services Coordinator

October 3, 2017

Agenda

- Application of Potential Benefit Changes
- Tentative Timeline
- Impact of Cost Savings on Contribution Rates
- Potential Plan Design Changes for New Hires
 - Retirement Eligibility Requirements
 - Option 1 – Rule of 90 (ERS)
 - Option 2 – Minimum Retirement Age of 60 (ERS) and 50 (URS/PORS)
 - Salary Averaging Period
 - Option 3 – 5-Year Salary Averaging Period (All)
 - Pre-Social Security Supplement
 - Option 4 – Eliminate Pre-Social Security Supplement (ERS/URS)
 - Option 5 – Limit Pre-Social Security Supplement to 5 (ERS) and 7 (URS) Years
 - Retiree Cost-of-Living Adjustments
 - Option 6 – Limit Application of Retiree COLA (All)
- Examples of Packages of Changes
- Discussion

Application of Potential Benefit Changes

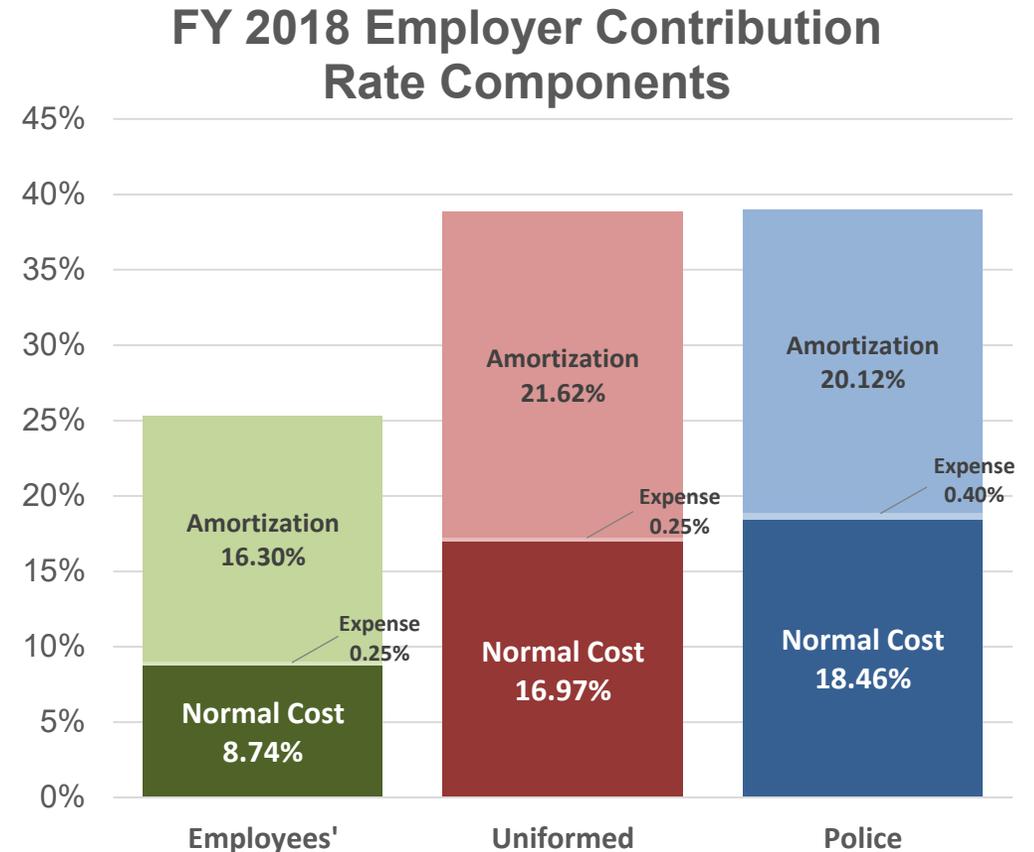
- If changes are approved by the Board, they would apply to new employees hired on or after January 1, 2019
- No benefit changes for current employees or retirees
- Following Board direction, staff is working to improve the knowledge transfer process during DROP. The policy changes necessary to provide greater focus on succession planning during DROP will impact employees' responsibilities during DROP but will not impact the benefit structure for current employees.
- If a feasible structure for a pre-Social Security supplement buyout can be established and is approved by the Board of Supervisors, then current employees would be able to decide whether to participate in the program or continue under the current benefit structure.

Tentative Timeline

- Fall 2017 – Spring 2018
 - Engagement with employees
 - Discussions with FCPS
 - Review/discussion of changes to plans by a subcommittee of the Board
- Summer/Fall 2018 – Implementation of changes in code
- Changes effective for new hires on or after January 1, 2019

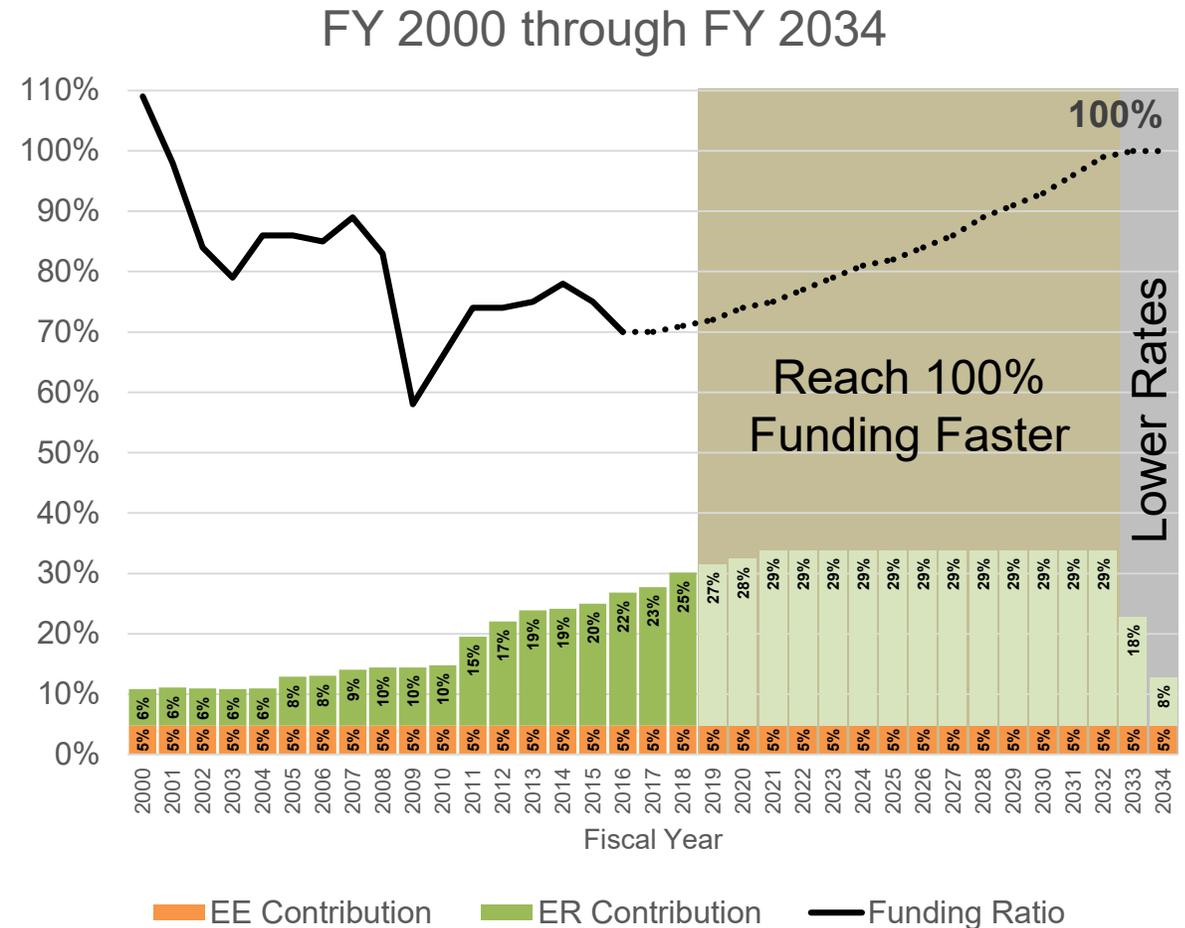
Breakdown of Employer Contributions

- The chart on the right shows the estimated components of the FY 2018 Employer Contribution Rates
- The Normal Cost represents the benefits accrued by active employees each year
- Changes made to the retirement systems will only impact the Normal Cost components
- The Normal Cost components shown represent the blended values of the pre- and post-2013 plans



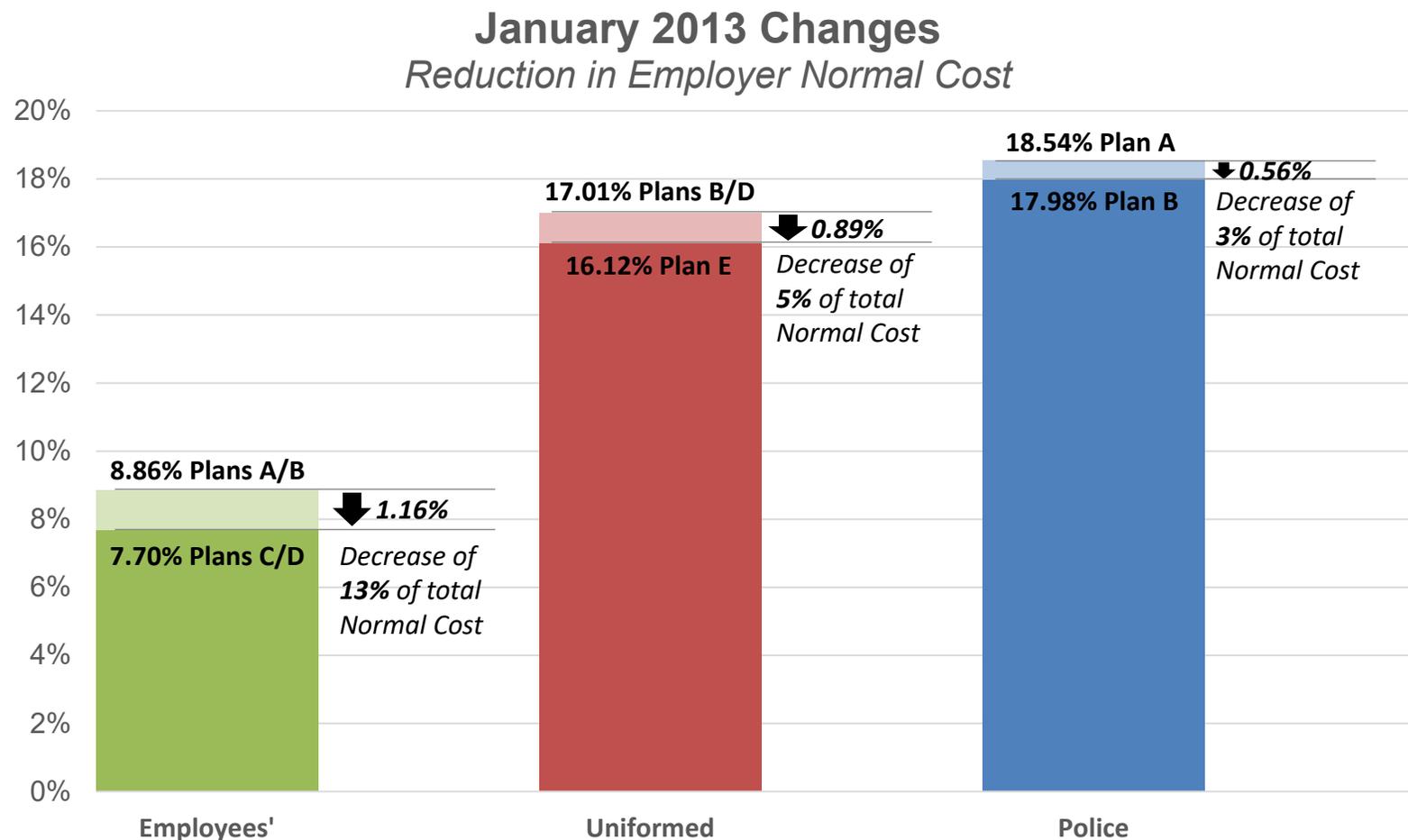
Impact of Cost Savings on Contribution Rates

- For changes to the retirement systems that only impact new hires, savings will accrue gradually as new employees are hired under the new plans
- Following the Board’s adopted retirement funding policy, the employer contribution rates will not be reduced until each plan is fully funded
- Prior to full funding, savings from any changes will result in either:
 - Mitigation of other factors that put upward pressure on the employer contribution rates
 - Faster progress toward full funding of the systems
- After the systems are fully funded:
 - The employer contribution rate will be reduced to the Normal Cost
 - Savings from changes will be realized as a lower Normal Cost



Impact of Cost Savings on Contribution Rates

- The chart on the right shows the reduction in Normal Cost that will eventually occur as a result of the January 2013 changes to the systems
- Savings related to new plan design changes will impact these reduced Normal Costs



Potential Plan Design Changes

- The options presented in the following slides are not an exhaustive list of potential plan design changes. Additional options that could be explored with actuarial analysis of their cost impact include:
 - Reduced multiplier for new hires
 - Capped benefit level for new hires
 - Use of sick leave for retirement purposes for new hires
 - Increased employee contribution rate for new hires
 - Wage types included in benefit calculation for new hires
 - Optional buy-out of pre-Social Security supplement for existing employees

Retirement Eligibility Requirements

Potential Plan Design Changes for New Hires

Retirement Eligibility Comparison

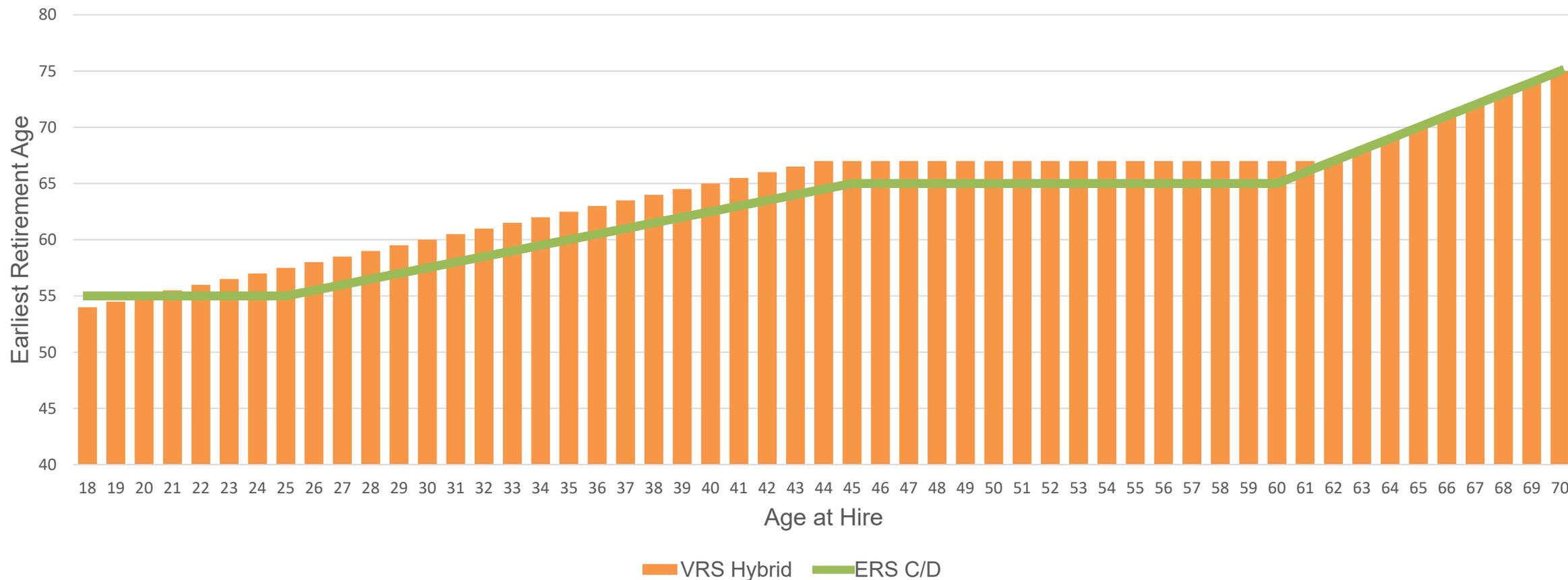
General Employees

Jurisdiction	Retirement Eligibility	Minimum Retirement Age
Fairfax County Employees Retirement System (ERS) Plans C/D	Rule of 85 -or- Age 65 with 5 Years of Service	55
Virginia Retirement System (VRS) Hybrid Plan (Alexandria, FCPS, Loudoun, Prince William)	Rule of 90 -or- Normal Social Security Retirement Age with 5 Years of Service	None
Federal Government (FERS)	Minimum Retirement with 30 Years of Service -or- Age 60 with 20 Years of Service -or- Age 62 with 5 Years of Service	55 - 57
Arlington County	Rule of 80 -or- 30 Years of Service -or- Age 62 with 5 Years of Service	None

Retirement Eligibility Comparison

General Employees

Earliest Retirement Age by Age at Hire



Retirement Eligibility Comparison

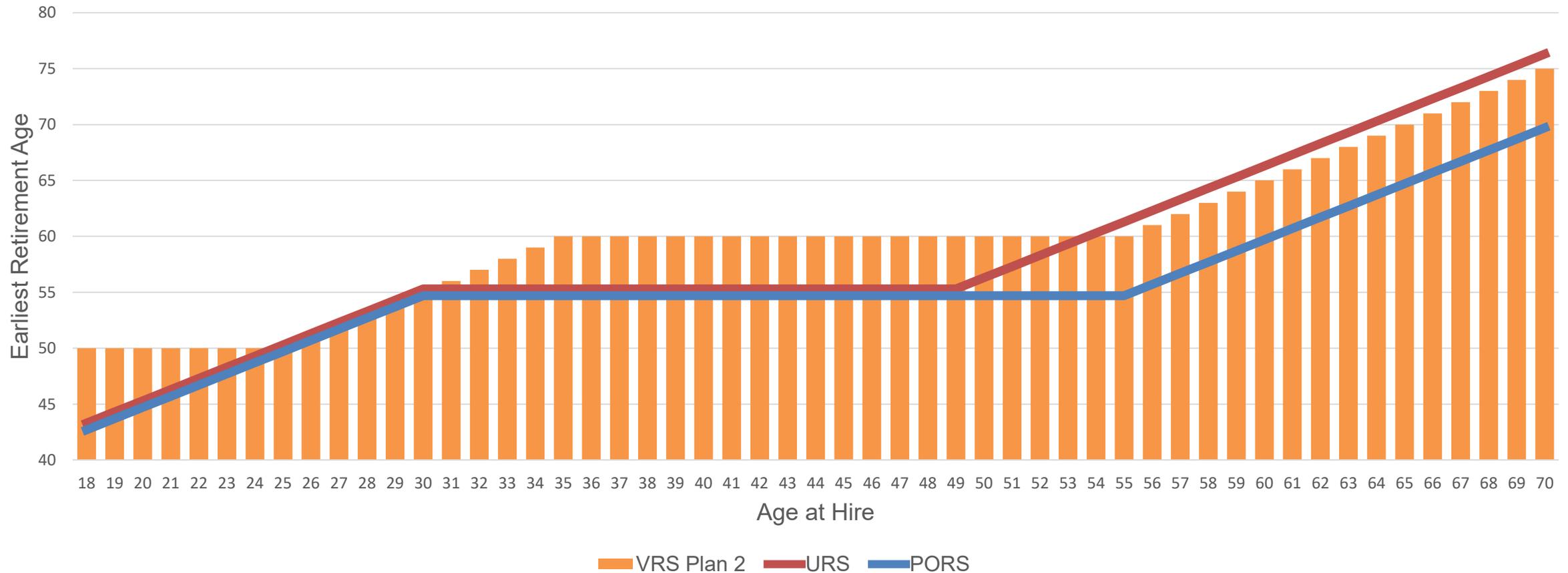
Public Safety Employees

Jurisdiction	Retirement Eligibility	Minimum Retirement Age
Fairfax County Uniformed Retirement System (URS) Plan E	25 Years of Service -or- Age 55 with 6 Years of Service	None
Fairfax County Police Officers Retirement System (PORS) Plan B	25 Years of Service -or- Age 55	None
Virginia Retirement System (VRS) Plan 2 (Loudoun, Prince William)	25 Years of Service -or- Age 60 with 5 Years of Service	50
Federal Government (FERS)	20 Years of Service	50
City of Alexandria	25 Years of Service -or- Age 55 with 5 Years of Service	50
Arlington County	25 Years of Service -or- Age 52 with 5 Years of Service	None

Retirement Eligibility Comparison

Public Safety Employees

Earliest Retirement Age by Age at Hire



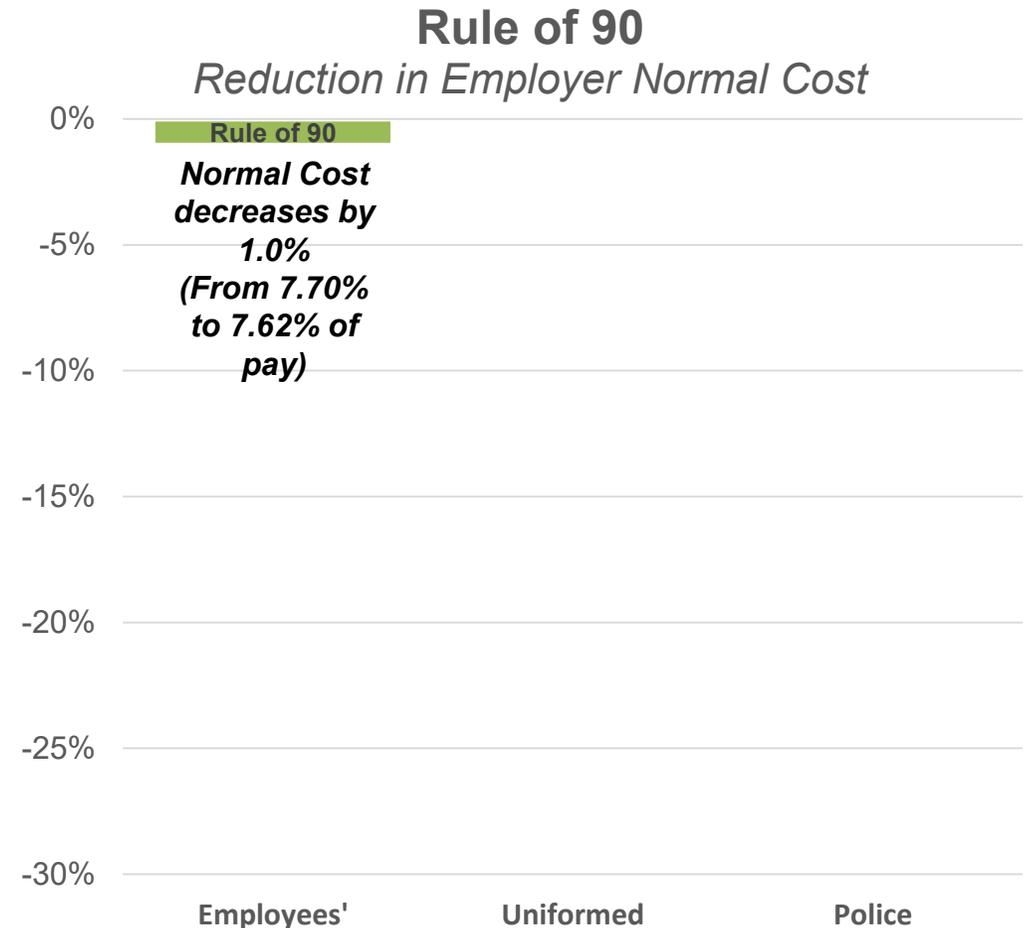
Option 1: Rule of 90 (ERS)

Potential Plan Design Changes for New Hires

Potential Change for New Hires

Rule of 90 in the Employees' System

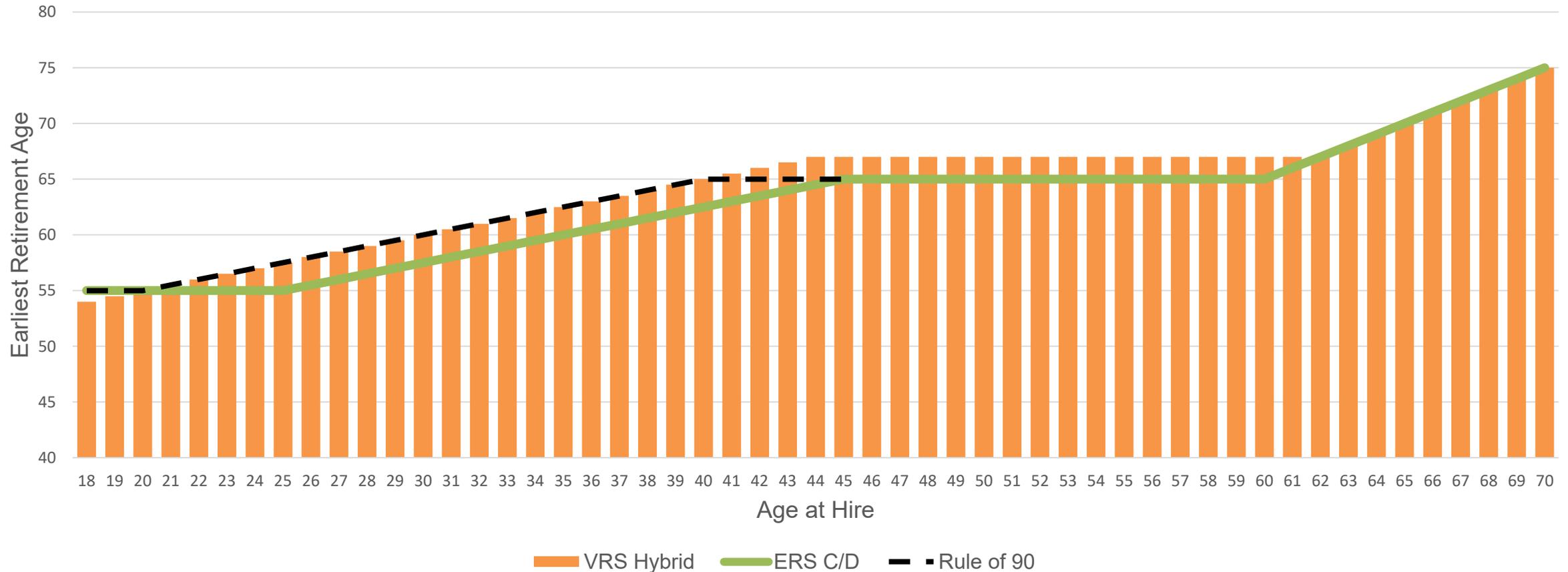
- Increase the Rule of 85 (Age + Service) to the Rule of 90 to match VRS
- Applies only to ERS
 - Estimated to impact 73% of new hires
- Employees would typically be required to work for 2.5 more years prior to retirement
- Annuity payments would increase due to:
 - Greater years of service
 - Higher final average salary



Retirement Eligibility Comparison

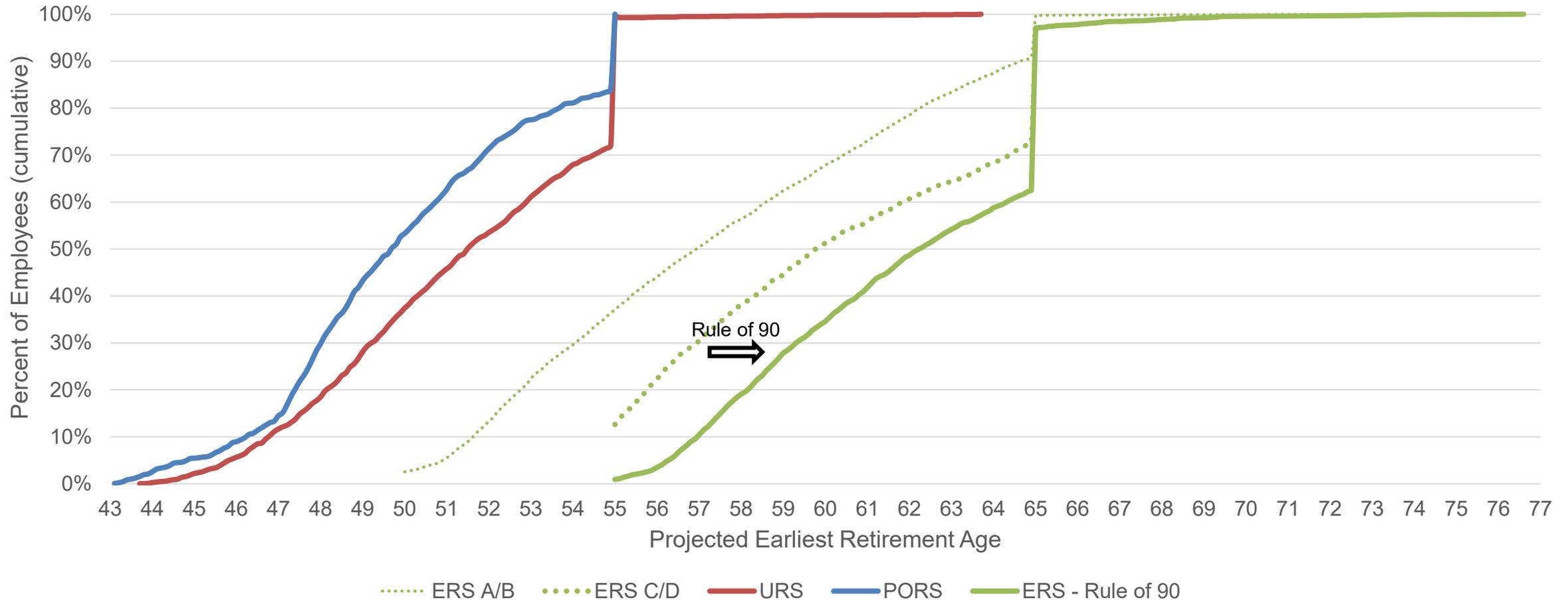
General Employees – Rule of 90

Earliest Retirement Age by Age at Hire



Rule of 90

Projected Impact on Future New Hire Population

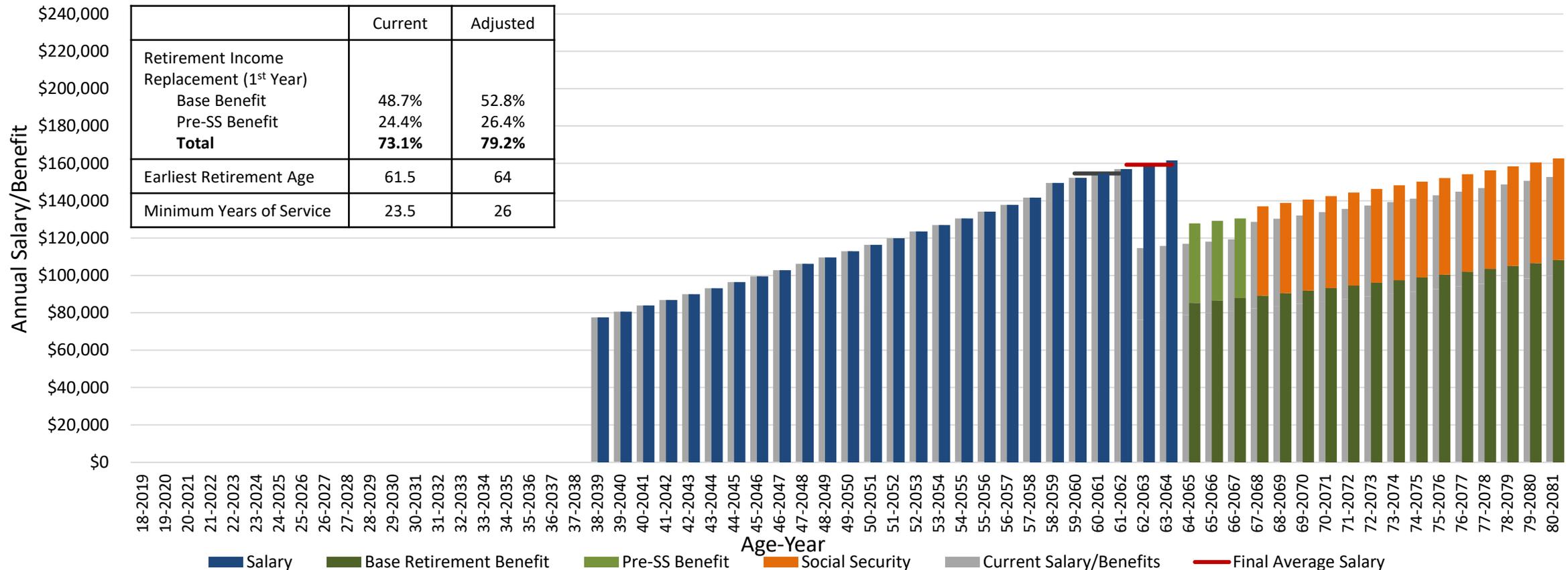


Employees' Retirement System

Rule of 90: Average Age Hire

- New Hire in 2039 at Age 38, Hired at 24% of Scale
- Assume S-21 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
- Estimates Social Security benefit at 30% of Final Average Salary
- Assumes 1.5% Market Rate Adjustments and full funding of pay plan each year
- Assumes 1.5% annual County retiree COLA
- Assumes 1.0% annual COLA for Social Security

Projected Retirement Benefit Based on Average New Hire

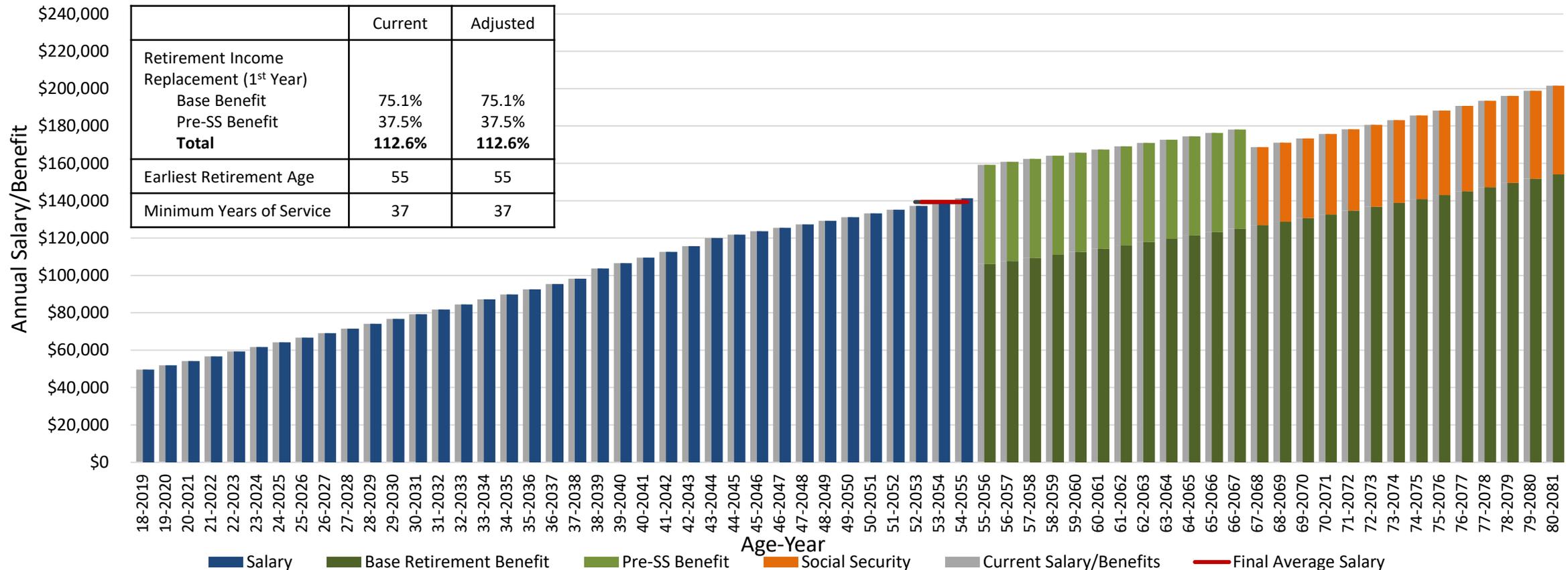


Employees' Retirement System

Rule of 90: Age 18 Hire

- New Hire in 2019 at Age 18, Hired at 0% of Scale
- Assume S-21 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
- Estimates Social Security benefit at 30% of Final Average Salary
- Assumes 1.5% Market Rate Adjustments and full funding of pay plan each year
- Assumes 1.5% annual County retiree COLA
- Assumes 1.0% annual COLA for Social Security

Projected Retirement Benefit Based on Age 18 New Hire



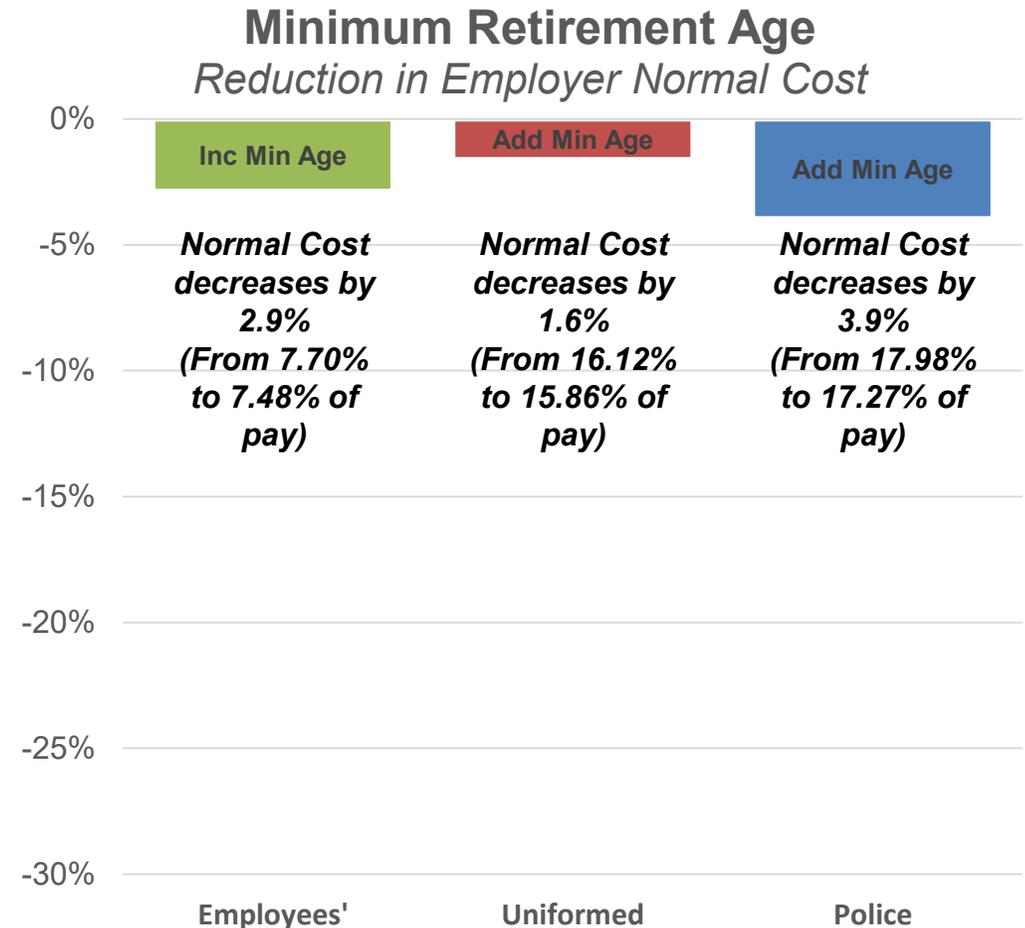
Option 2: Minimum Retirement Age of 60 (ERS) and 50 (URS/PORS)

Potential Plan Design Changes for New Hires

Potential Change for New Hires

Increase/Establish Minimum Retirement Age

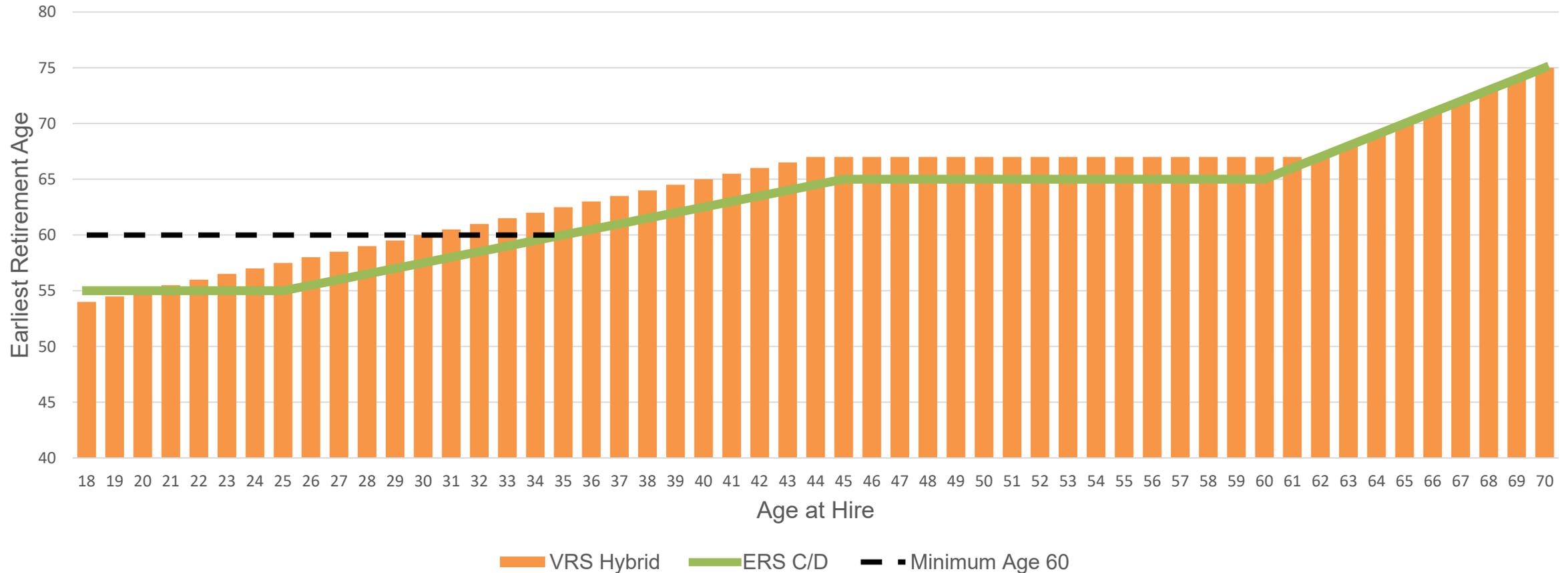
- Increase age to 60 in ERS, exceeding VRS requirements
 - Estimated to impact 51% of new hires
- Establish age of 50 in URS and PORS to match VRS
 - Estimated to impact 36% of new hires in URS
 - Estimated to impact 53% of new hires in PORS
- Employees would be required to work up to 5 (ERS) or 7 (URS/PORS) more years prior to retirement
- Annuity payments would increase due to:
 - Greater years of service
 - Higher final average salary



Retirement Eligibility Comparison

General Employees – Minimum Retirement Age 60

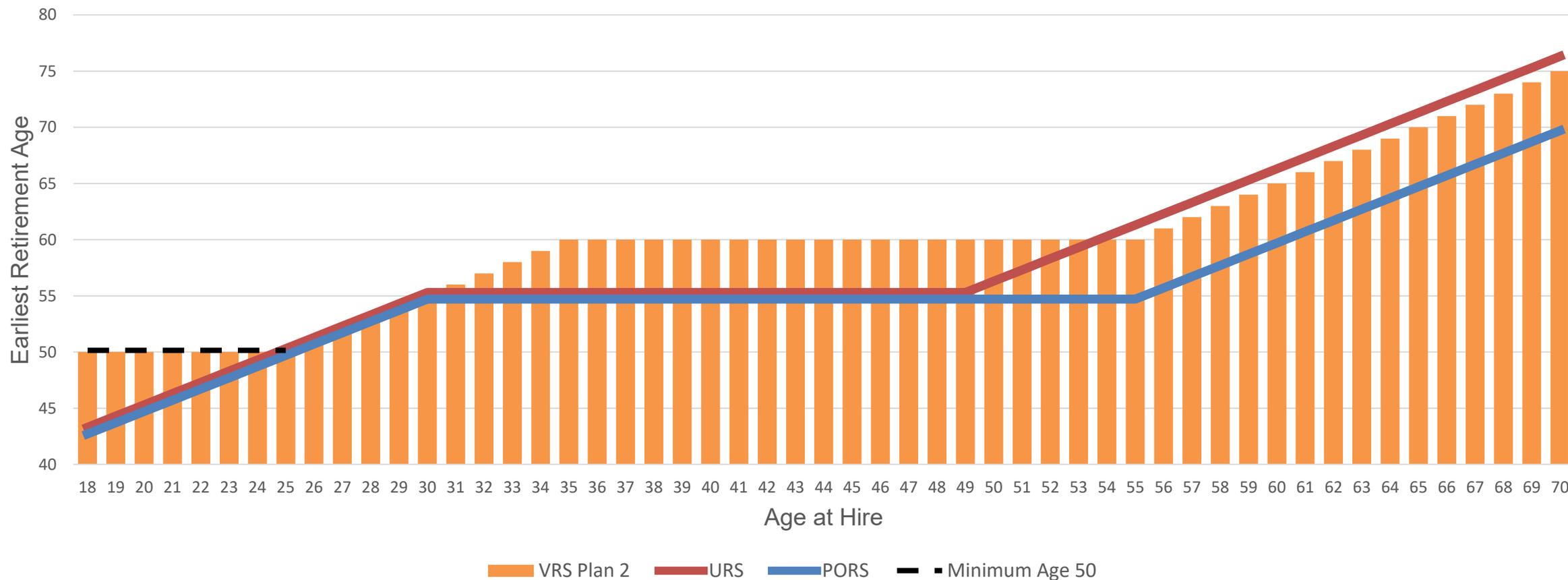
Earliest Retirement Age by Age at Hire



Retirement Eligibility Comparison

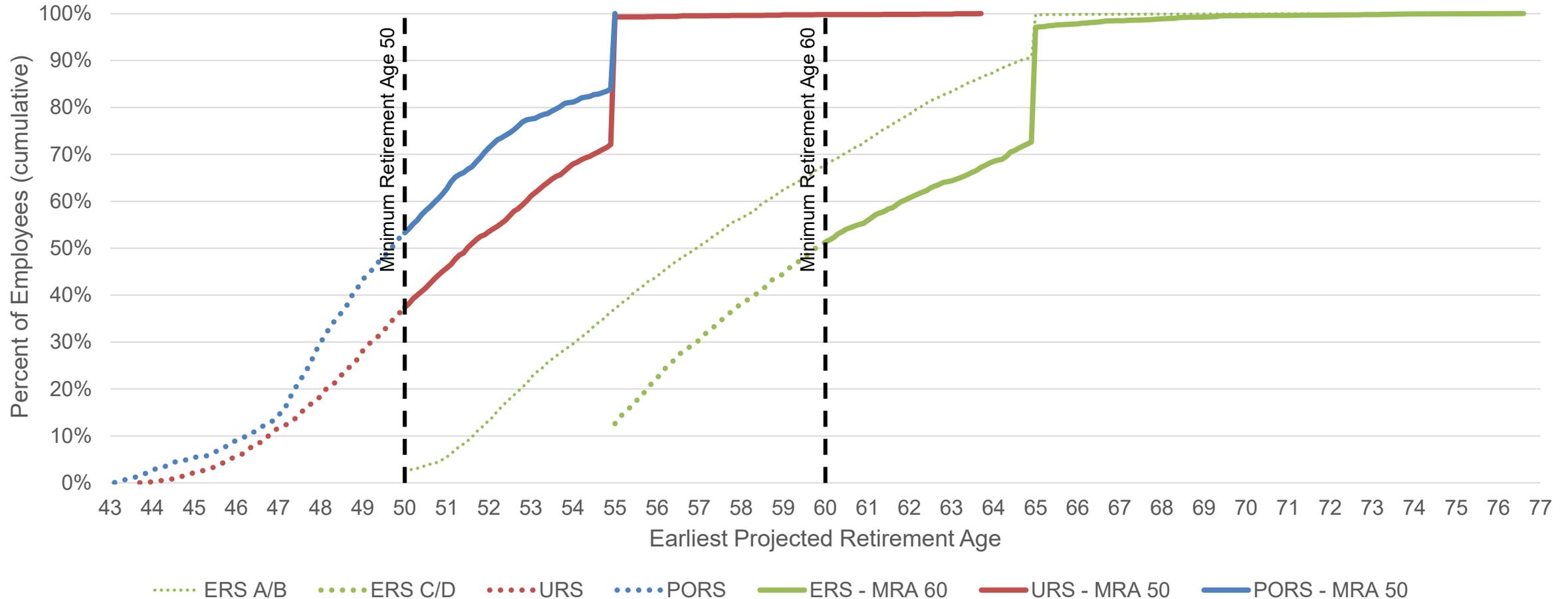
Public Safety Employees – Minimum Retirement Age 50

Earliest Retirement Age by Age at Hire



Minimum Retirement Age Changes

Projected Impact on Future New Hire Population

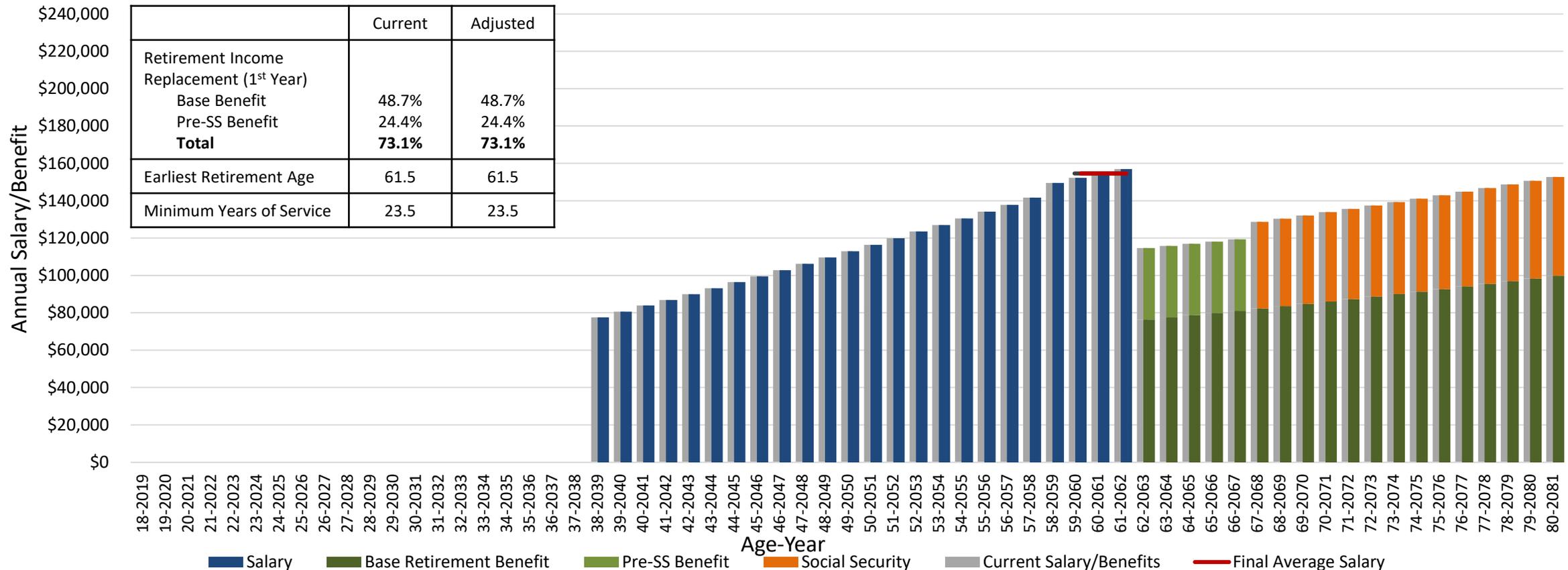


Employees' Retirement System

Minimum Retirement Age 60: Average Age Hire

- New Hire in 2039 at Age 38, Hired at 24% of Scale
- Assume S-21 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
- Estimates Social Security benefit at 30% of Final Average Salary
- Assumes 1.5% Market Rate Adjustments and full funding of pay plan each year
- Assumes 1.5% annual County retiree COLA
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Projected Retirement Benefit Based on Average New Hire

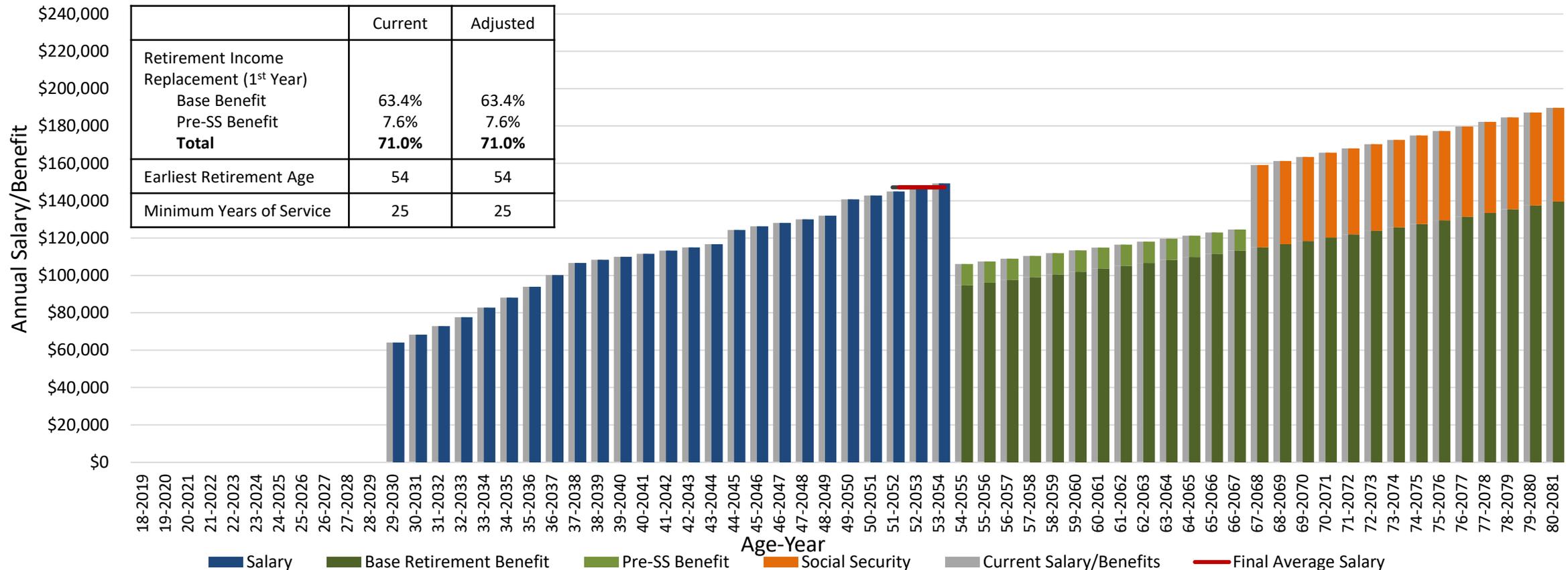


Uniformed Retirement System

Minimum Retirement Age 50: Average Age Hire

- New Hire in 2030 at Age 29, Hired at Step 1
- Assume F-18 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
- Estimates Social Security benefit at 30% of Final Average Salary
- Assumes 1.5% Market Rate Adjustments and full funding of pay plan each year
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Projected Retirement Benefit Based on Average New Hire

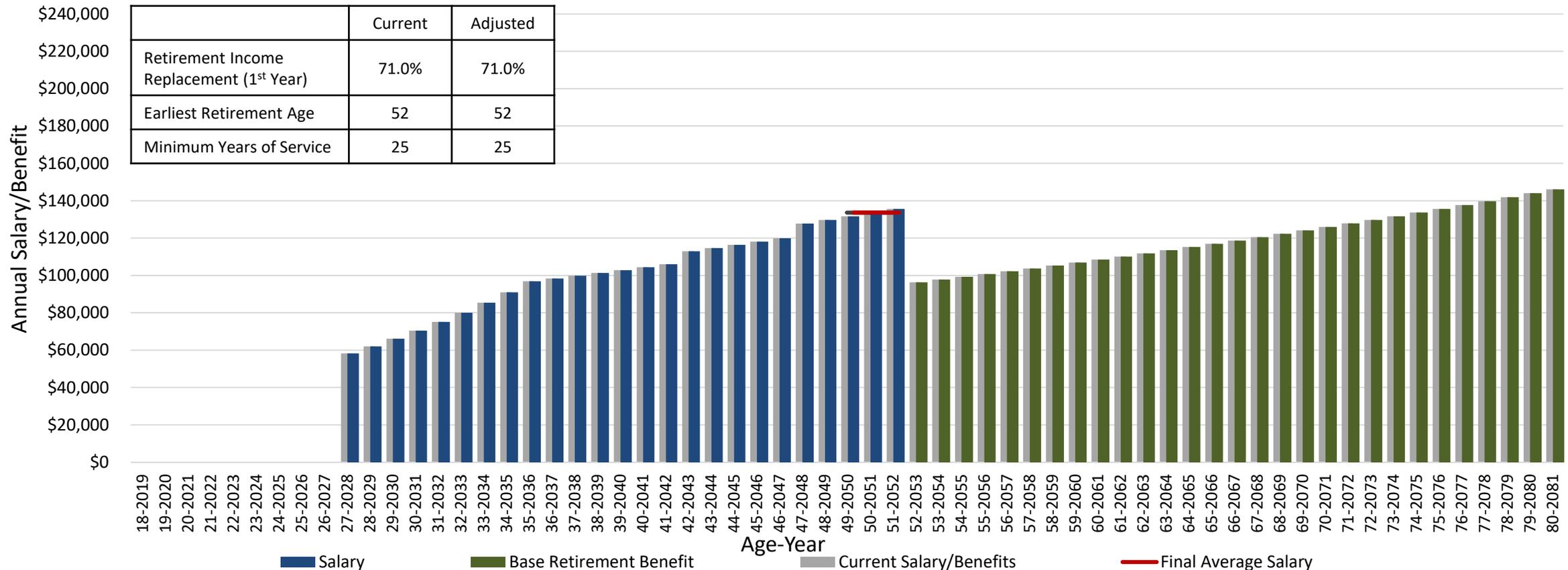


Police Officers Retirement System

Minimum Retirement Age 50: Average Age Hire

- New Hire in 2028 at Age 27, Hired at Step 1
- Assume O-17 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
- Estimates Social Security benefit at 30% of Final Average Salary
- Assumes 1.5% Market Rate Adjustments and full funding of pay plan each year
- Assumes 1.5% annual County retiree COLA
- Assumes 1.0% annual COLA for Social Security

Projected Retirement Benefit Based on Average New Hire

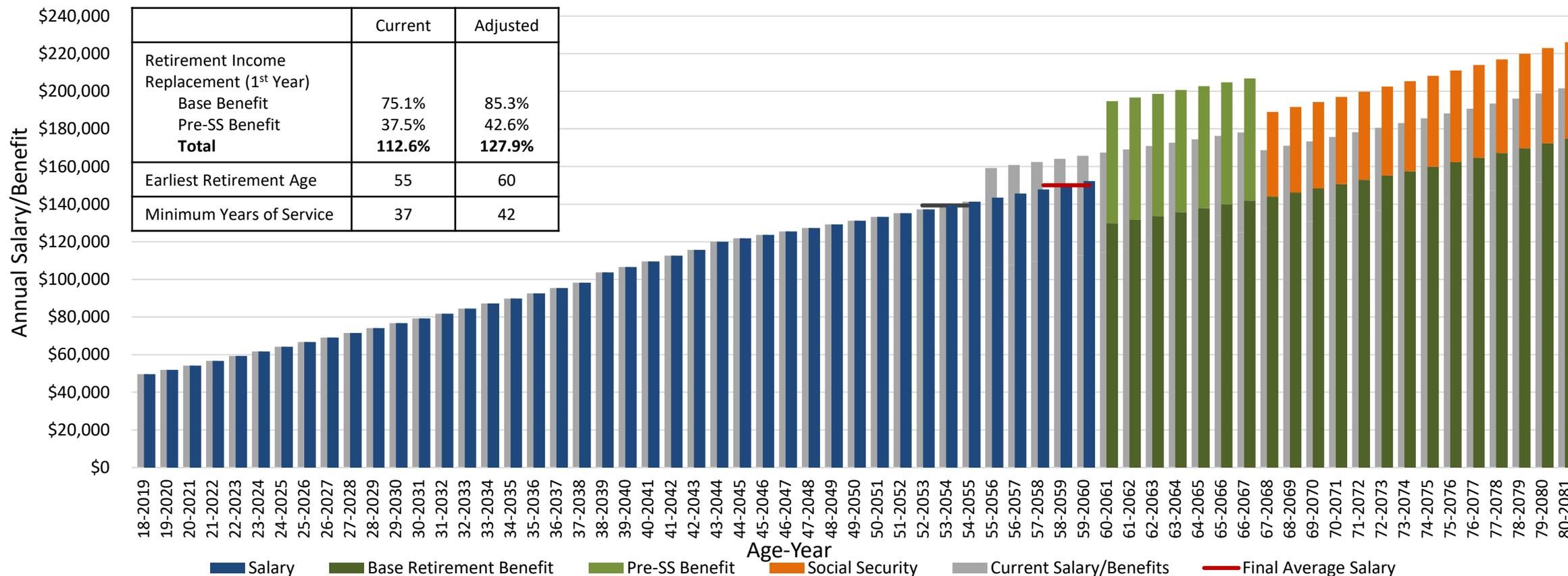


Employees' Retirement System

Minimum Retirement Age 60: Age 18 Hire

- New Hire in 2019 at Age 18, Hired at 0% of Scale
- Assume S-21 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
- Estimates Social Security benefit at 30% of Final Average Salary
- Assumes 1.5% Market Rate Adjustments and full funding of pay plan each year
- Assumes 1.5% annual County retiree COLA
- Assumes 1.0% annual COLA for Social Security

Projected Retirement Benefit Based on Age 18 New Hire

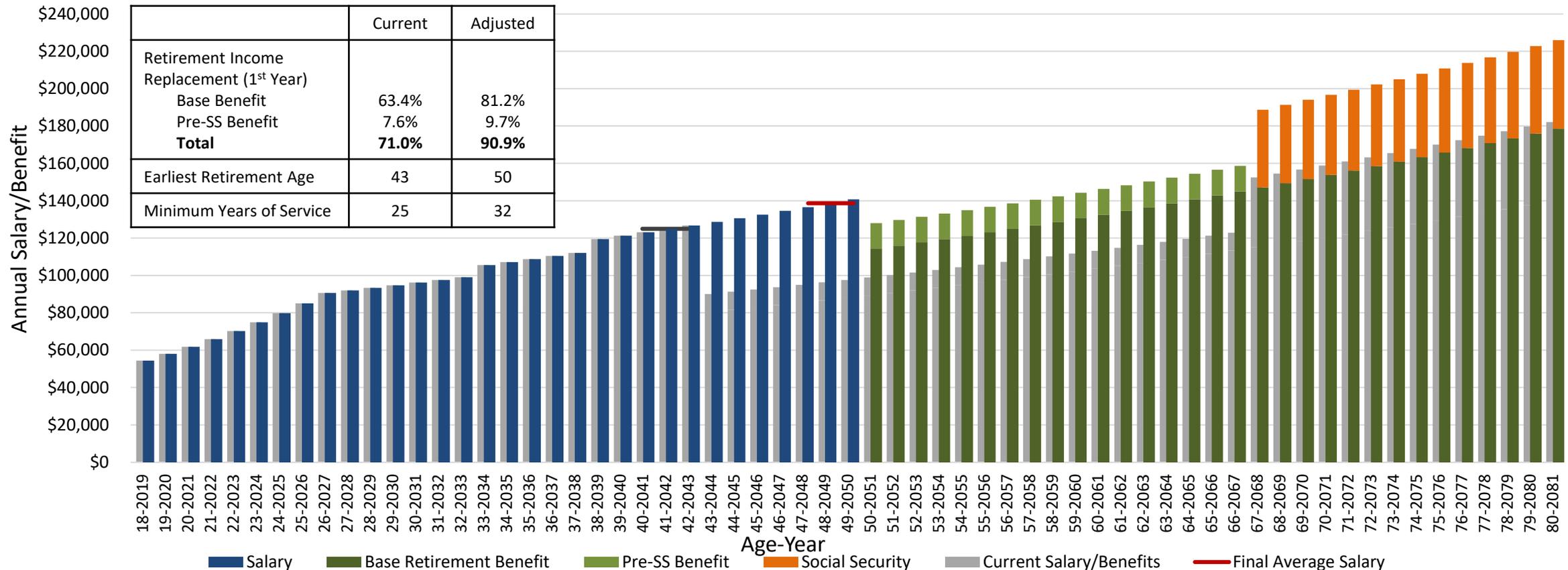


Uniformed Retirement System

Minimum Retirement Age 50: Age 18 Hire

- New Hire in 2019 at Age 18, Hired at Step 1
- Assume F-18 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
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Projected Retirement Benefit Based on Age 18 New Hire

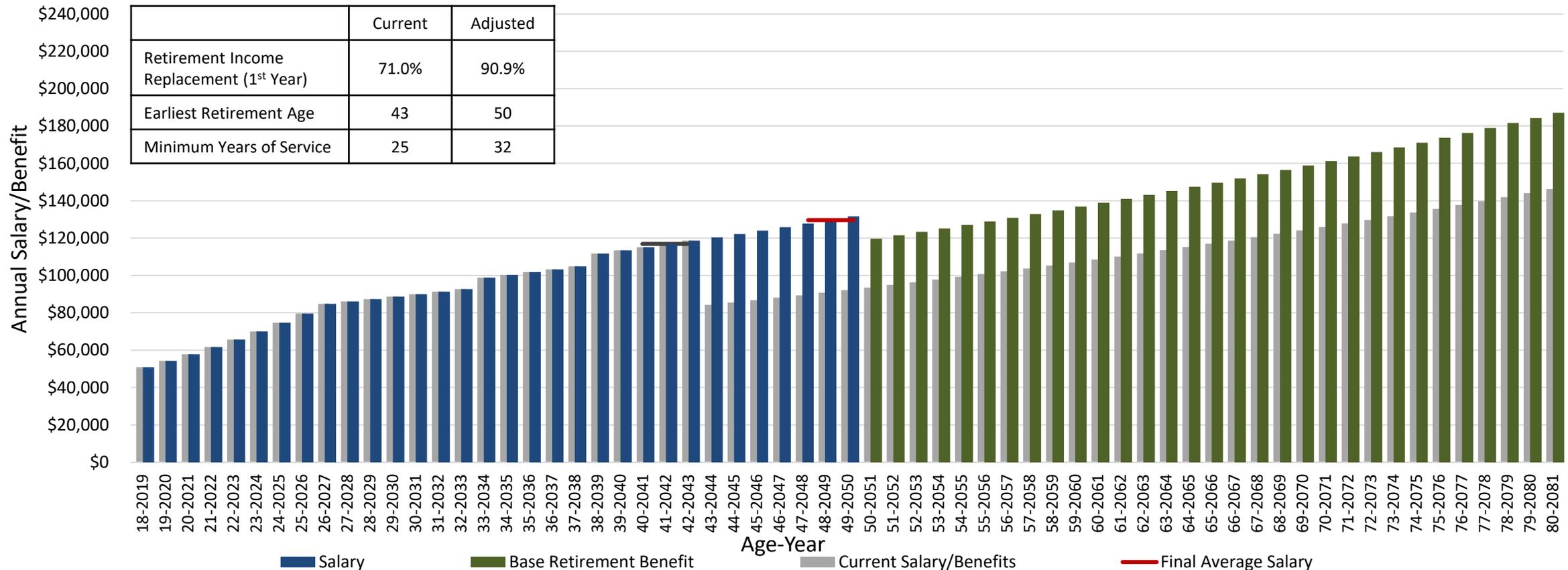


Police Officers Retirement System

Minimum Retirement Age 50: Age 18 Hire

- New Hire in 2019 at Age 18, Hired at Step 1
- Assume O-17 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
- Estimates Social Security benefit at 30% of Final Average Salary
- Assumes 1.5% Market Rate Adjustments and full funding of pay plan each year
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Projected Retirement Benefit Based on Age 18 New Hire



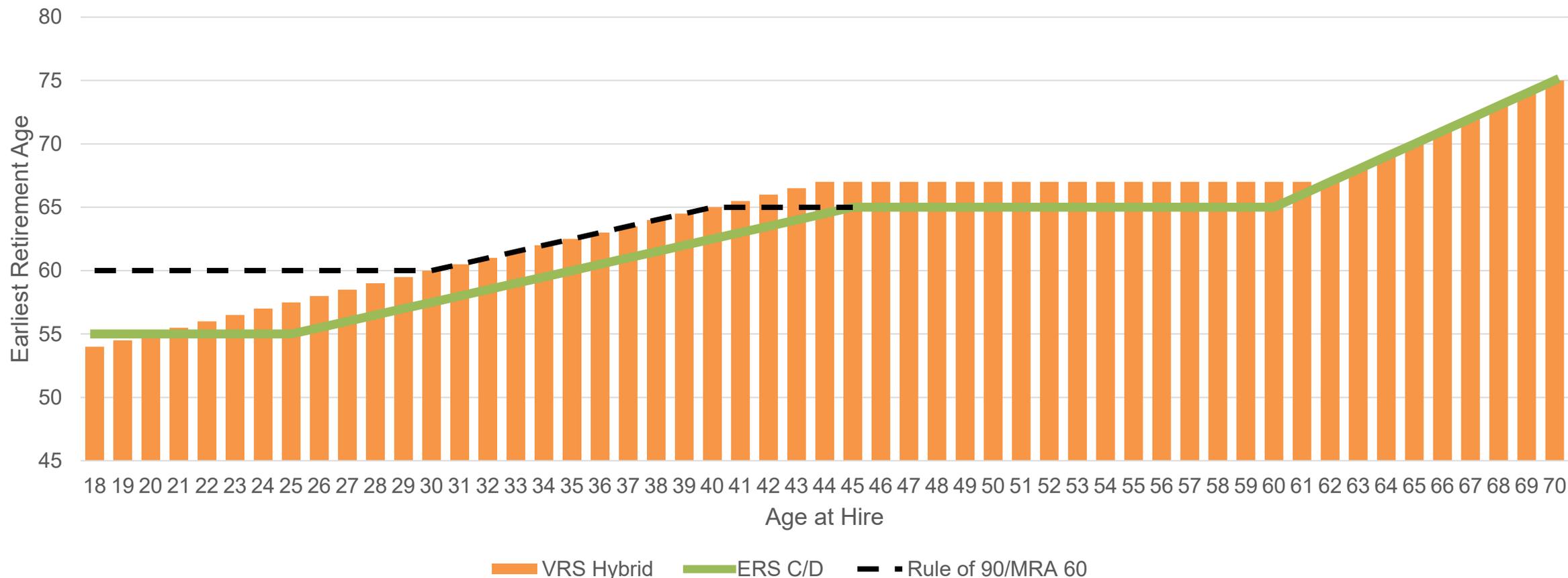
Option 1 and 2 Combined Impact: Rule of 90 and Minimum Retirement Age of 60 (ERS)

Potential Plan Design Changes for New Hires

Retirement Eligibility Comparison

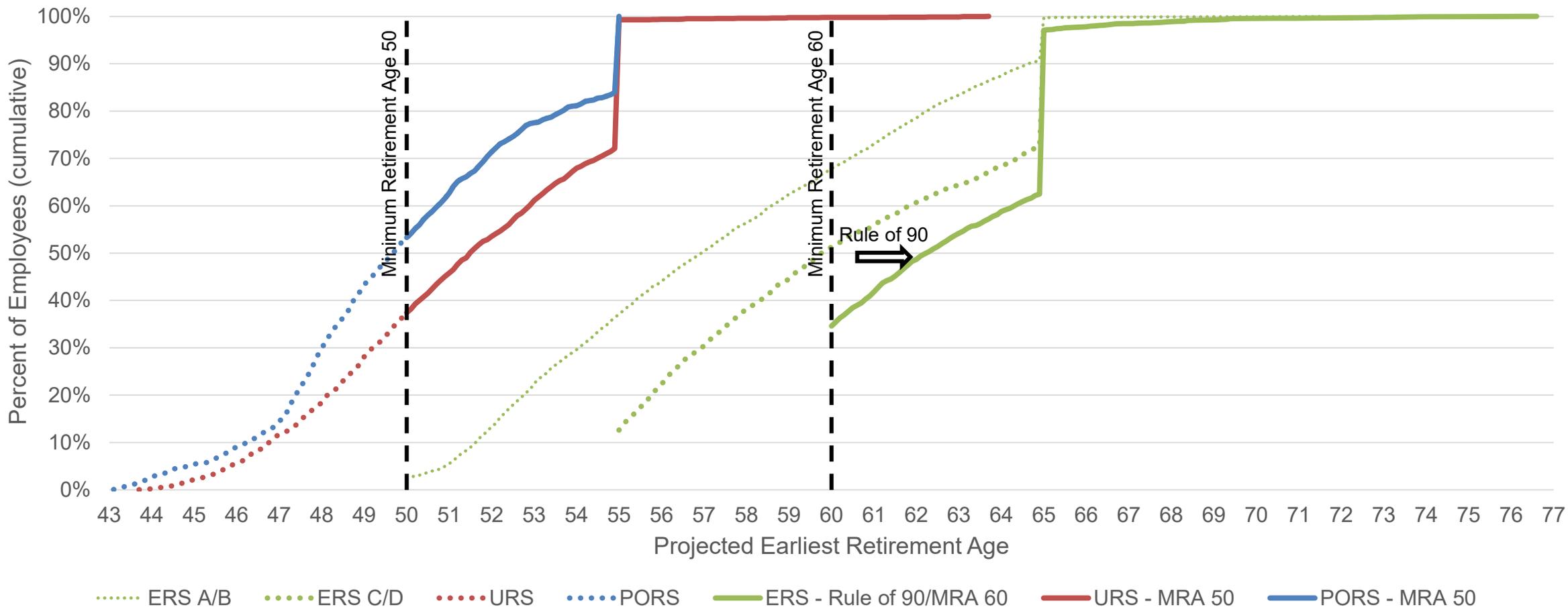
General Employees – Rule of 90 and Minimum Retirement Age 60

Earliest Retirement Age by Age at Hire



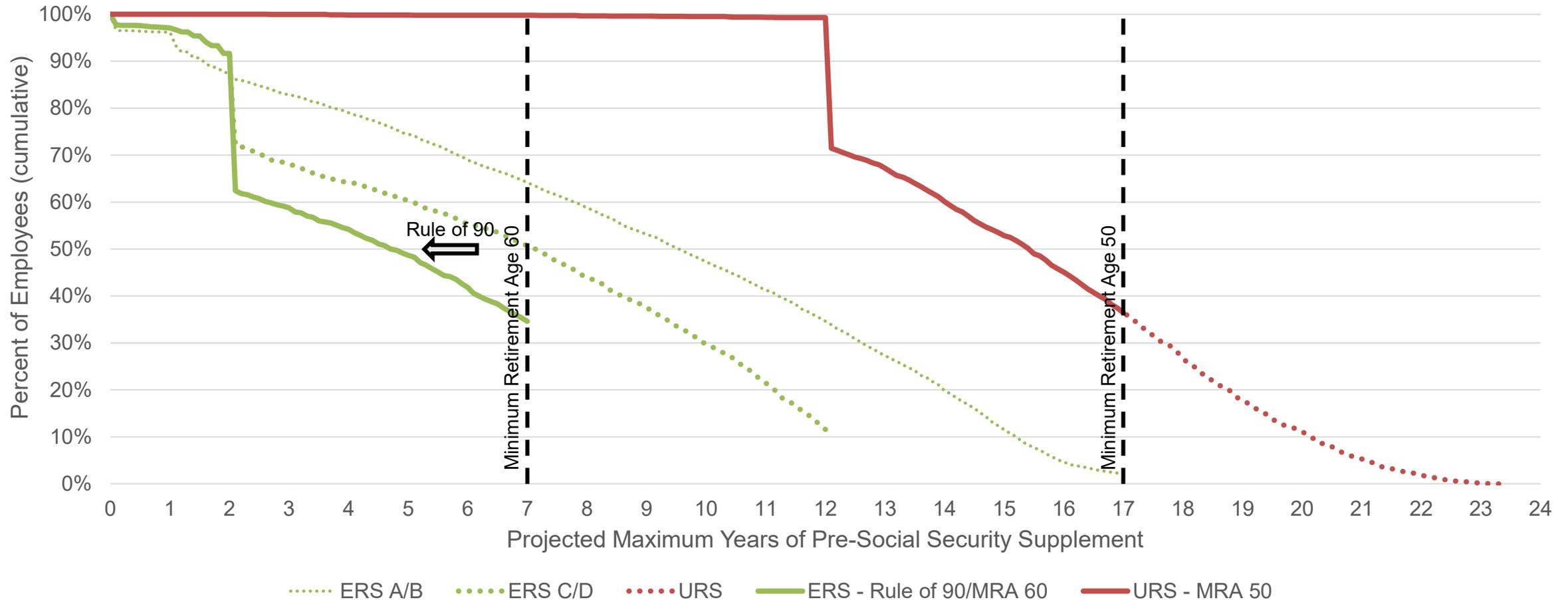
Rule of 90 and Minimum Retirement Age Changes

Projected Impact on Future New Hire Population



Rule of 90 and Minimum Retirement Age Changes

Projected Impact to Pre-SS Supplement for Future New Hire Population



Salary Averaging Period

Potential Plan Design Changes for New Hires

Salary Averaging Period

General Employees

Jurisdiction	Salary Averaging Period
Fairfax County Employees Retirement System (ERS) Plans C/D	3 years
Virginia Retirement System (VRS) Hybrid Plan	5 years
Federal Government (FERS)	3 years
Arlington County	3 years

Salary Averaging Period

Public Safety Employees

Jurisdiction	Salary Averaging Period
Fairfax County Uniformed Retirement System (URS) Plan E	3 years
Fairfax County Police Officers Retirement System (PORS) Plan B	3 years
Virginia Retirement System (VRS) Plan 2	5 years
Federal Government (FERS)	3 years
City of Alexandria	4 years
Arlington County	3 years

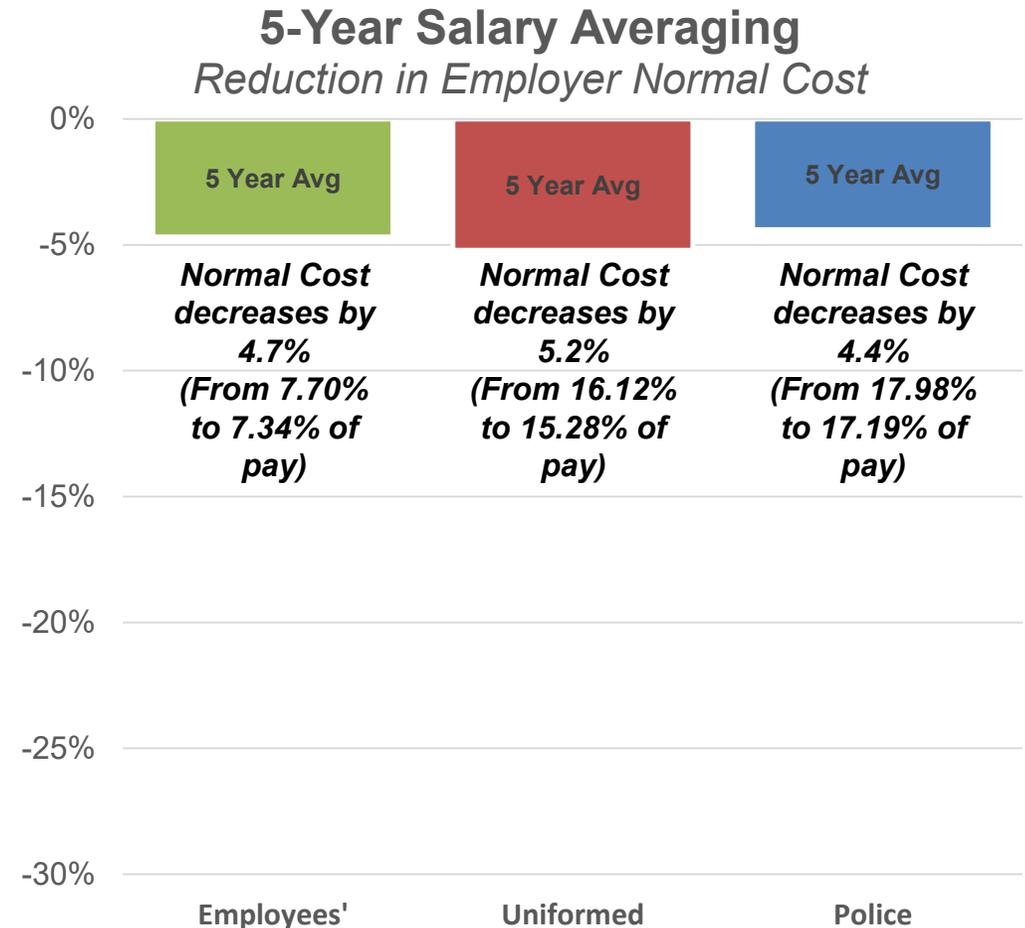
Option 3: 5-Year Salary Averaging Period (All)

Potential Plan Design Changes for New Hires

Potential Change for New Hires

5-Year Salary Averaging Period

- Increase salary averaging period from highest 3 consecutive years to highest 5 consecutive years
 - Impacts all new hires
- Annuity payments would decrease due to 4th and 5th highest years of earnings being included in average
- Retirement-eligible employees may decide to defer retirement longer following a promotion

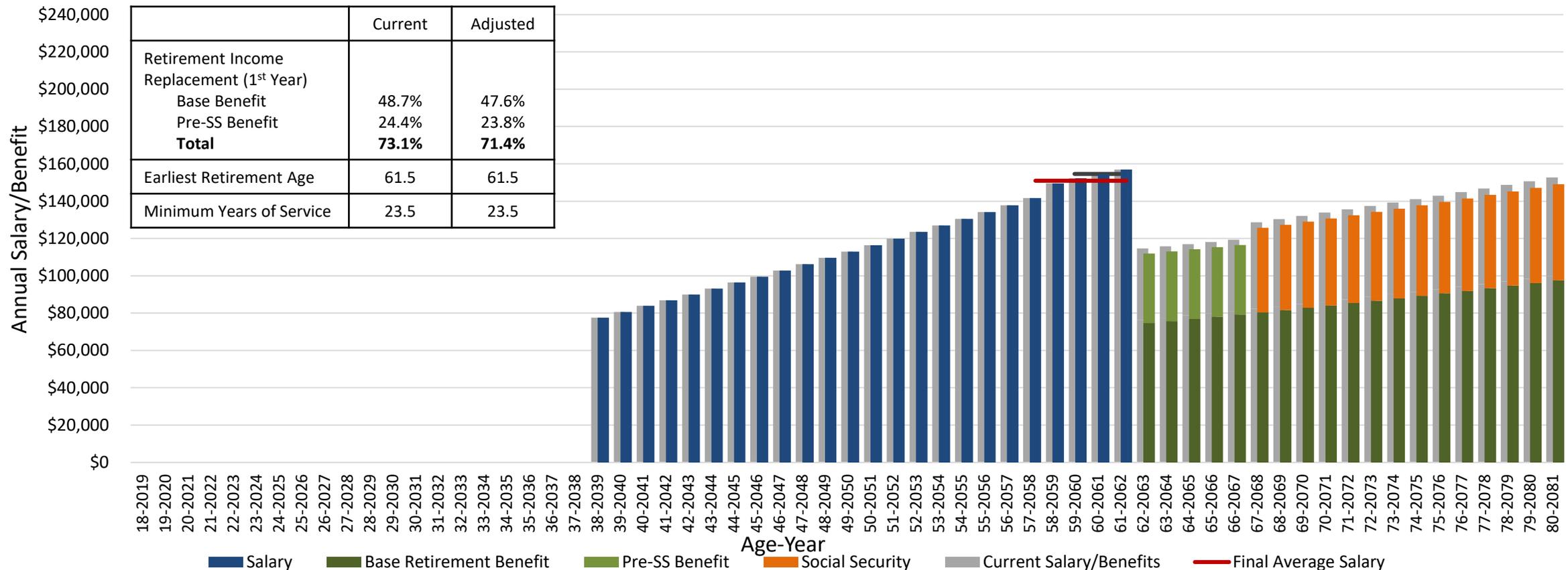


Employees' Retirement System

Five-Year Final Average Salary: Average Age Hire

- New Hire in 2039 at Age 38, Hired at 24% of Scale
- Assume S-21 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
- Estimates Social Security benefit at 30% of Final Average Salary
- Assumes 1.5% Market Rate Adjustments and full funding of pay plan each year
- Assumes 1.5% annual County retiree COLA
- Assumes 1.0% annual COLA for Social Security

Projected Retirement Benefit Based on Average New Hire

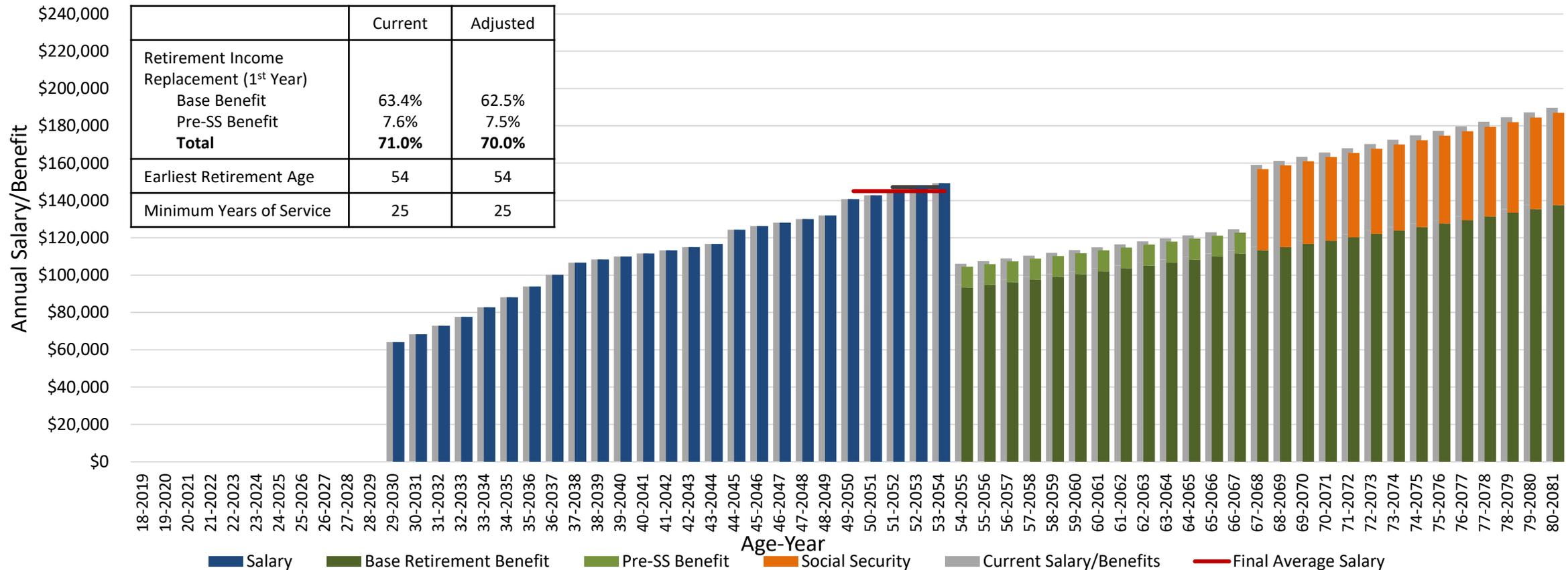


Uniformed Retirement System

Five-Year Final Average Salary: Average Age Hire

- New Hire in 2030 at Age 29, Hired at Step 1
- Assume F-18 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
- Estimates Social Security benefit at 30% of Final Average Salary
- Assumes 1.5% Market Rate Adjustments and full funding of pay plan each year
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- Assumes 1.0% annual COLA for Social Security

Projected Retirement Benefit Based on Average New Hire

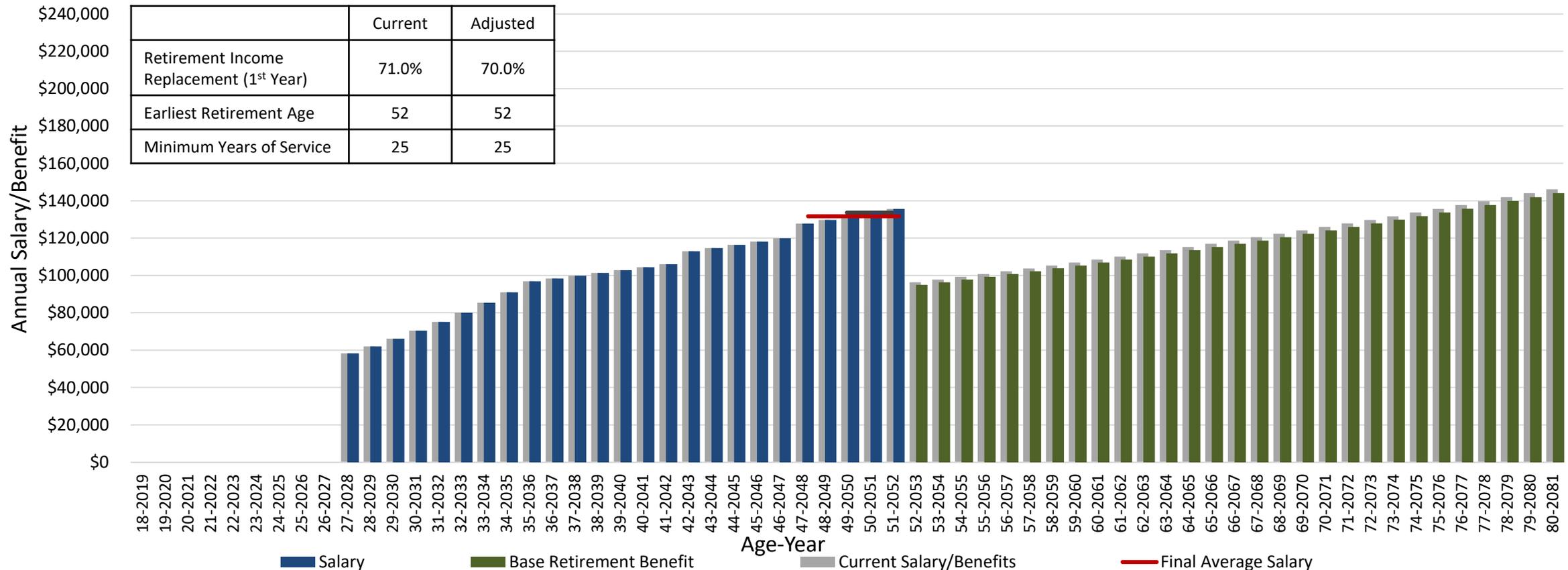


Police Officers Retirement System

Five-Year Final Average Salary: Average Age Hire

- New Hire in 2028 at Age 27, Hired at Step 1
- Assume O-17 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
- Estimates Social Security benefit at 30% of Final Average Salary
- Assumes 1.5% Market Rate Adjustments and full funding of pay plan each year
- Assumes 1.5% annual County retiree COLA
- Assumes 1.0% annual COLA for Social Security

Projected Retirement Benefit Based on Average New Hire



Pre-Social Security Supplement

Potential Plan Design Changes for New Hires

Pre-Social Security Supplement

General Employees

Jurisdiction	Social Security Leveling
Fairfax County Employees Retirement System (ERS) Plans C/D	Supplement ¹
Virginia Retirement System (VRS) Hybrid Plan	Option ²
Federal Government (FERS)	Supplement ³
Arlington County	Option ⁴

¹ The pre-Social Security supplement in the Fairfax County ERS is provided to normal service retirees from the date of retirement until they reach normal Social Security retirement age. The supplement is calculated using a benefit multiplier of 1.0%.

² Employees covered under the VRS Hybrid Plan may elect the Advance Pension Option at retirement. Under this option, the VRS annuity is temporarily increased until an age of the retiree's choosing, between the ages of 62 and the retiree's normal Social Security retirement age. The VRS annuity is permanently reduced once the retiree reaches the specified age.

³ Under the Federal Employees Retirement System (FERS), an annuity supplement is paid until age 62 to retirees that qualify for an unreduced annuity. The annuity supplement is calculated by first estimating the retiree's Social Security benefit at age 62 based on a 40-year career. The estimated Social Security benefit is then reduced by the fraction of a 40-year career that was worked under FERS to determine the annuity supplement. The annuity supplement is subject to an earnings test, and is reduced by \$1 for every \$2 of earnings over the Social Security minimum level of earnings. While federal employees who retire before the age of 62 are eligible for this annuity supplement, the basic annuity formula for those who retire at age 62 or older with at least 20 years of service uses a higher benefit multiplier than those who retire under age 62 or with less than 20 years of service.

⁴ Retirees in the Arlington County Employees' Retirement System may elect a Social Security Option as an annuity payment option. Under this option, the annuity is temporarily increased either until age 62 or until the retiree reaches normal Social Security retirement age, at which time the annuity is permanently reduced.

Pre-Social Security Supplement

Public Safety Employees

Jurisdiction	Social Security Leveling
Fairfax County Uniformed Retirement System (URS) Plan E	Supplement ¹
Fairfax County Police Officers Retirement System (PORS) Plan B	None ²
Virginia Retirement System (VRS) Plan 2	Supplement ³
Federal Government (FERS)	Supplement ⁴
City of Alexandria	None
Arlington County	Option ⁵

¹ The pre-Social Security supplement in the Fairfax County URS is provided to normal service retirees from the date of retirement until they reach normal Social Security retirement age. The supplement is calculated using a benefit multiplier of 0.3%.

² Fairfax County police officers do not contribute to Social Security based on their employment as Fairfax County police officers, and therefore a pre-Social Security supplement is not included in the design of the Police Officers Retirement System.

³ Employees covered under VRS that retire with at least 20 years of hazardous duty service are eligible for a hazardous duty supplement. The supplement is currently \$13,548 per year, and is payable from retirement until the retiree reaches normal Social Security retirement age.

⁴ Under the Federal Employees Retirement System (FERS), an annuity supplement is paid until age 62 to retirees that qualify for an unreduced annuity. The annuity supplement is calculated by first estimating the retiree's Social Security benefit at age 62 based on a 40-year career. The estimated Social Security benefit is then reduced by the fraction of a 40-year career that was worked under FERS to determine the annuity supplement. The annuity supplement is subject to an earnings test, and is reduced by \$1 for every \$2 of earnings over the Social Security minimum level of earnings.

⁵ Retirees in the Arlington County Employees' Retirement System may elect a Social Security Option as an annuity payment option. Under this option, the annuity is temporarily increased either until age 62 or until the retiree reaches normal Social Security retirement age, at which time the annuity is permanently reduced.

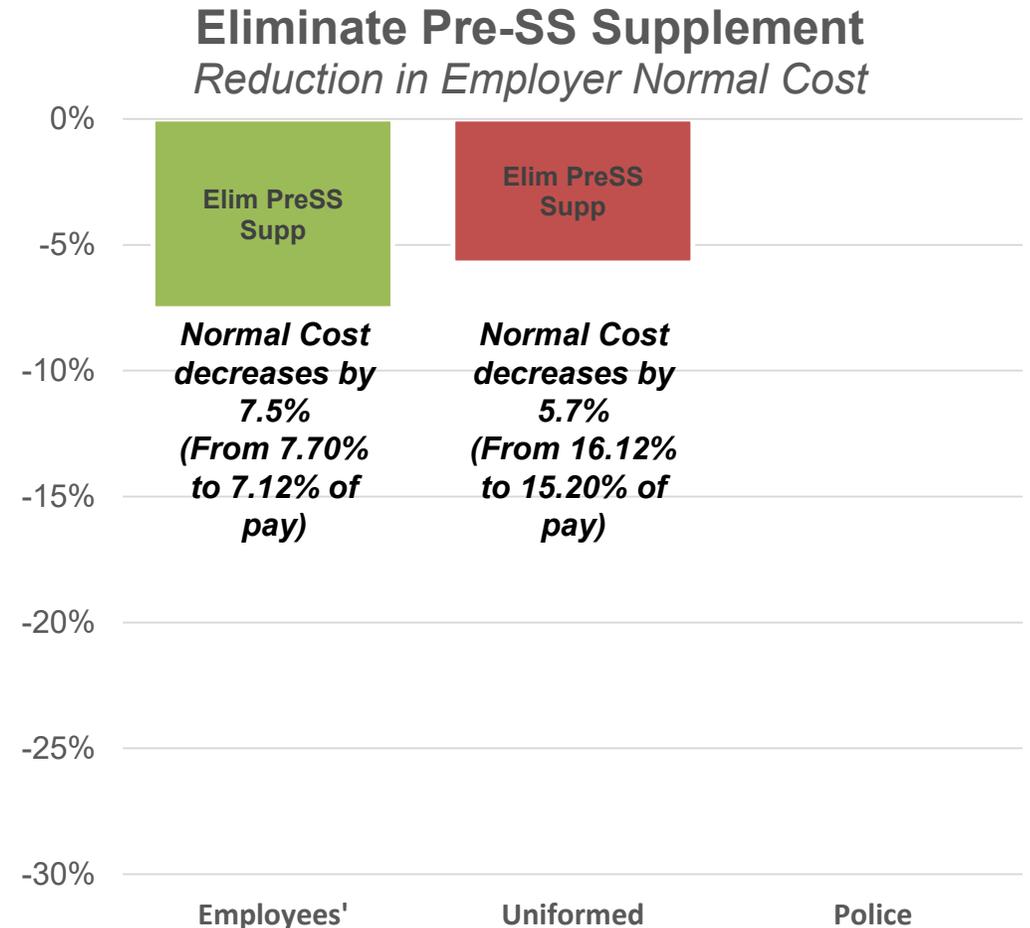
Option 4: Eliminate Pre-Social Security Supplement (ERS/URS)

Potential Plan Design Changes for New Hires

Potential Change for New Hires

Eliminate Pre-Social Security Supplement in ERS and URS

- Estimated to impact 98% of new hires in ERS and 100% of new hires in URS
- Annuity payments would be lower between retirement and normal Social Security retirement age

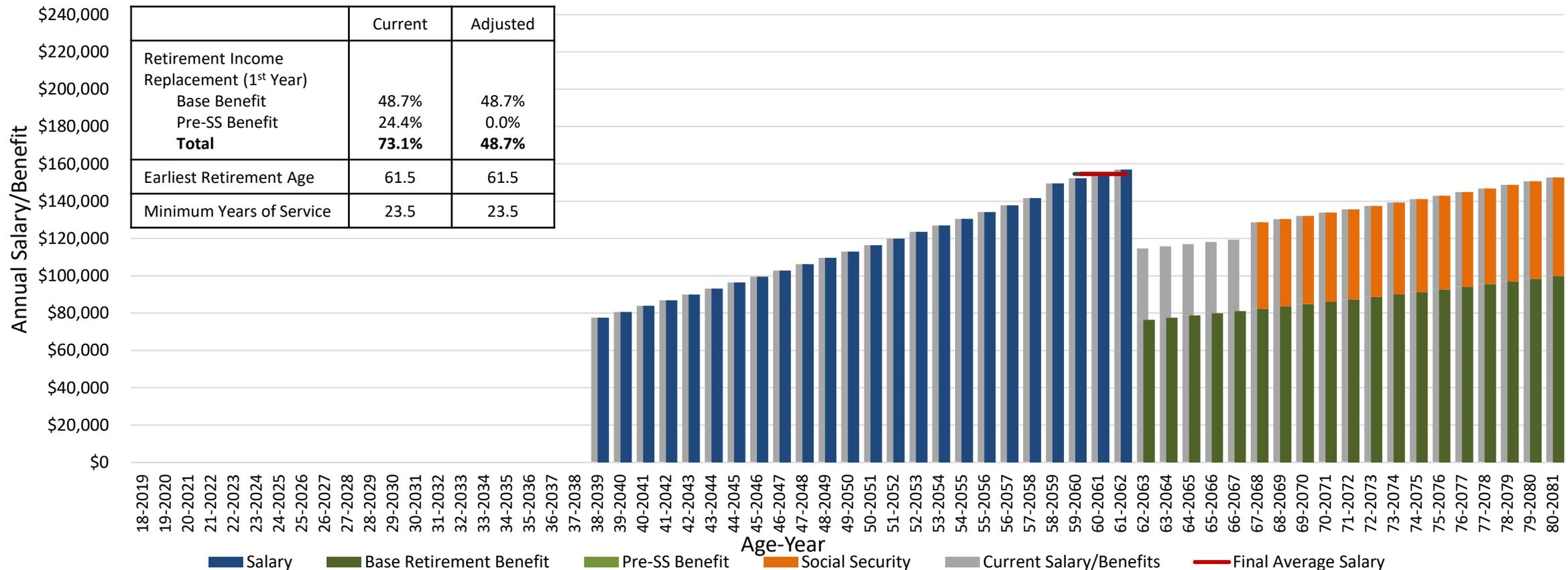


Employees' Retirement System

Eliminate Pre-SS Supplement: Average Age Hire

- New Hire in 2039 at Age 38, Hired at 24% of Scale
- Assume S-21 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
- Estimates Social Security benefit at 30% of Final Average Salary
- Assumes 1.5% Market Rate Adjustments and full funding of pay plan each year
- Assumes 1.5% annual County retiree COLA
- Assumes 1.0% annual COLA for Social Security

Projected Retirement Benefit Based on Average New Hire

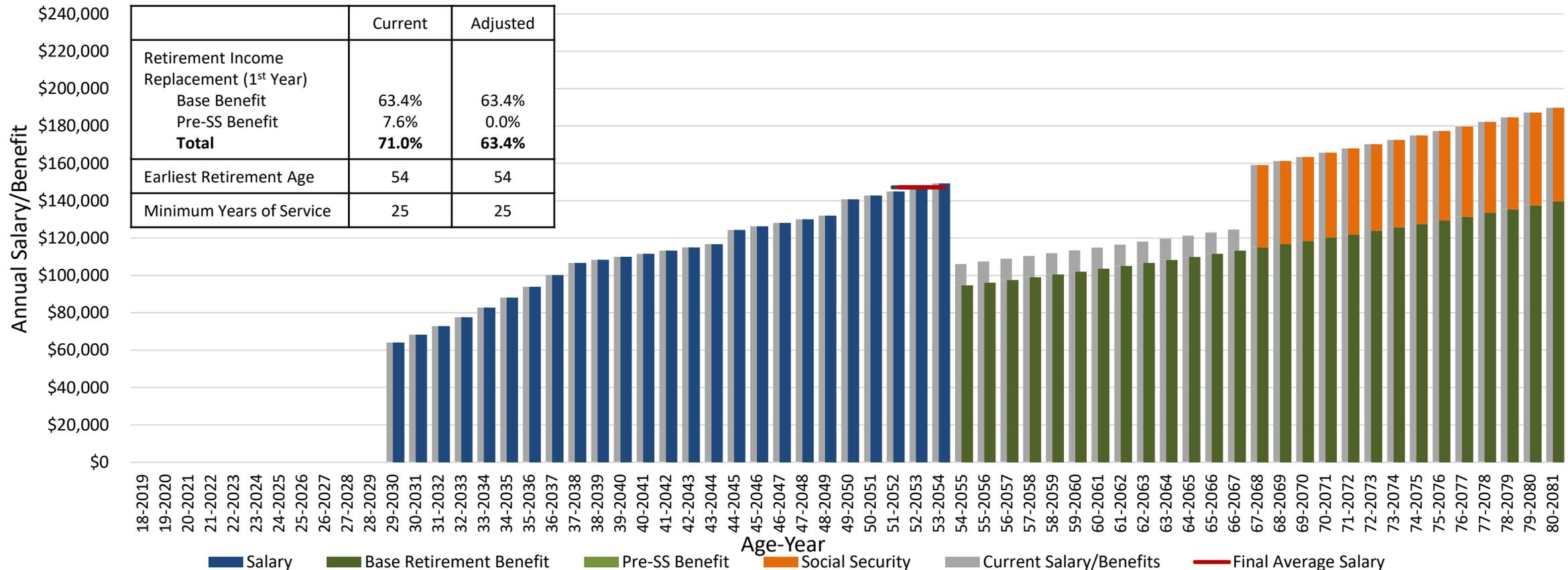


Uniformed Retirement System

Eliminate Pre-SS Supplement: Average Age Hire

- New Hire in 2030 at Age 29, Hired at Step 1
- Assume F-18 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
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Projected Retirement Benefit Based on Average New Hire

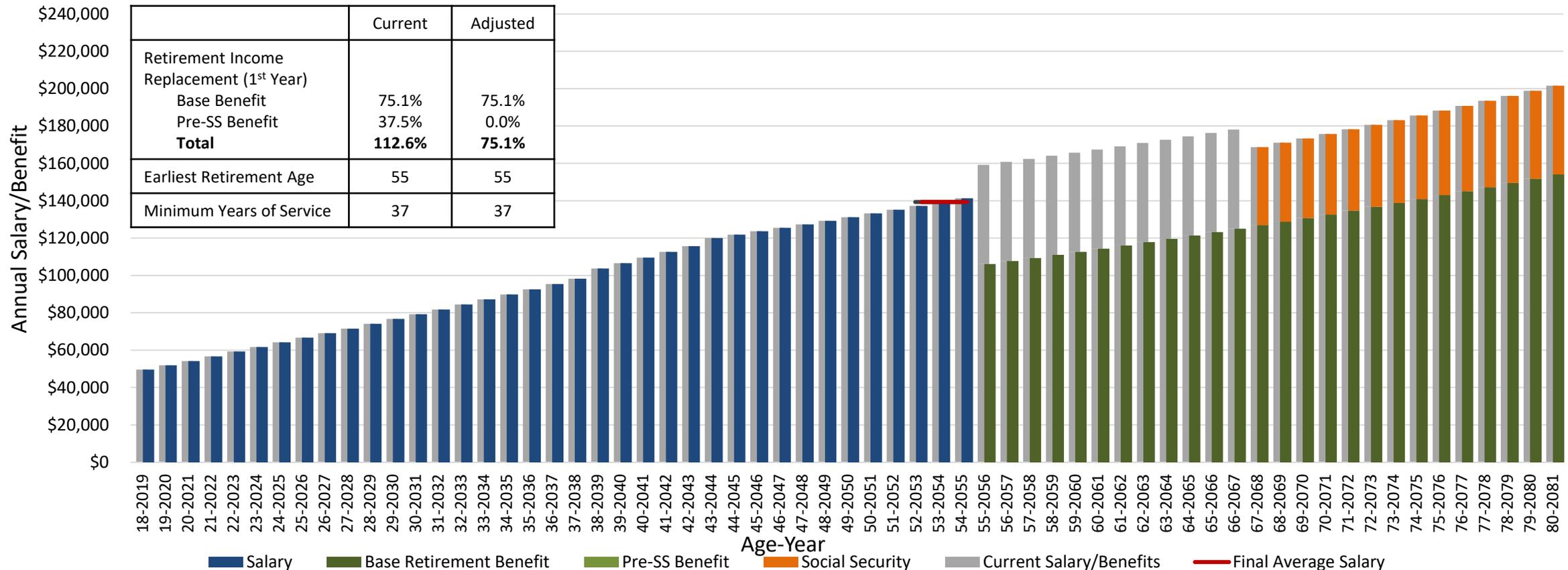


Employees' Retirement System

Eliminate Pre-SS Supplement: Age 18 Hire

- New Hire in 2019 at Age 18, Hired at 0% of Scale
- Assume S-21 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
- Estimates Social Security benefit at 30% of Final Average Salary
- Assumes 1.5% Market Rate Adjustments and full funding of pay plan each year
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Projected Retirement Benefit Based on Age 18 New Hire

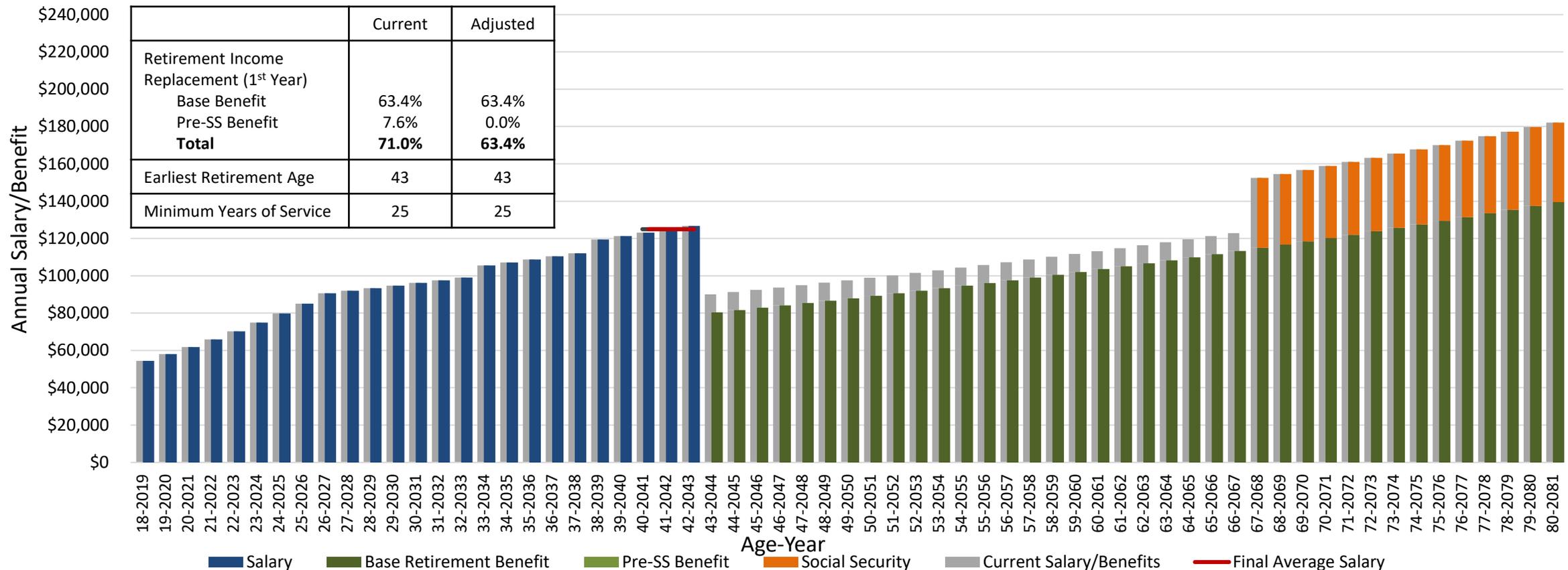


Uniformed Retirement System

Eliminate Pre-SS Supplement: Age 18 Hire

- New Hire in 2019 at Age 18, Hired at Step 1
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- Assumes 1.0% annual COLA for Social Security

Projected Retirement Benefit Based on Age 18 New Hire



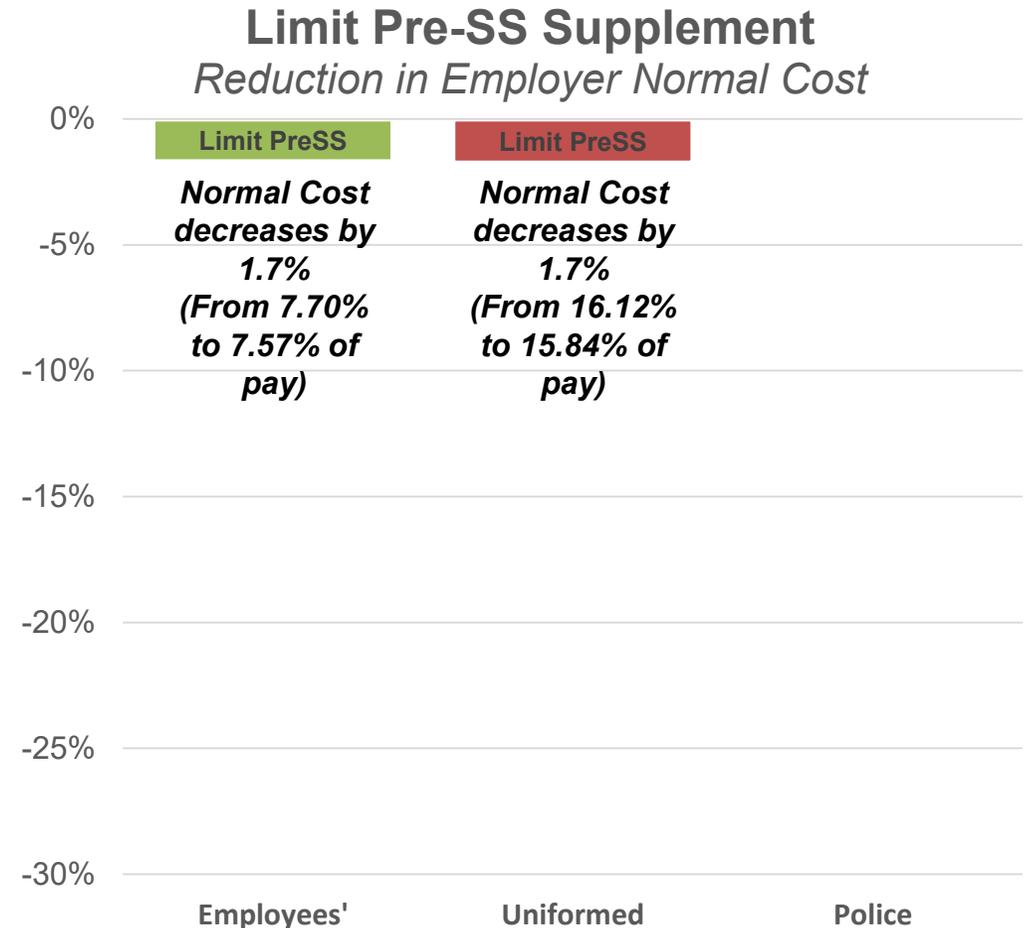
Option 5: Limit Pre-Social Security Supplement to 5 (ERS) and 7 (URS) Years

Potential Plan Design Changes for New Hires

Potential Change for New Hires

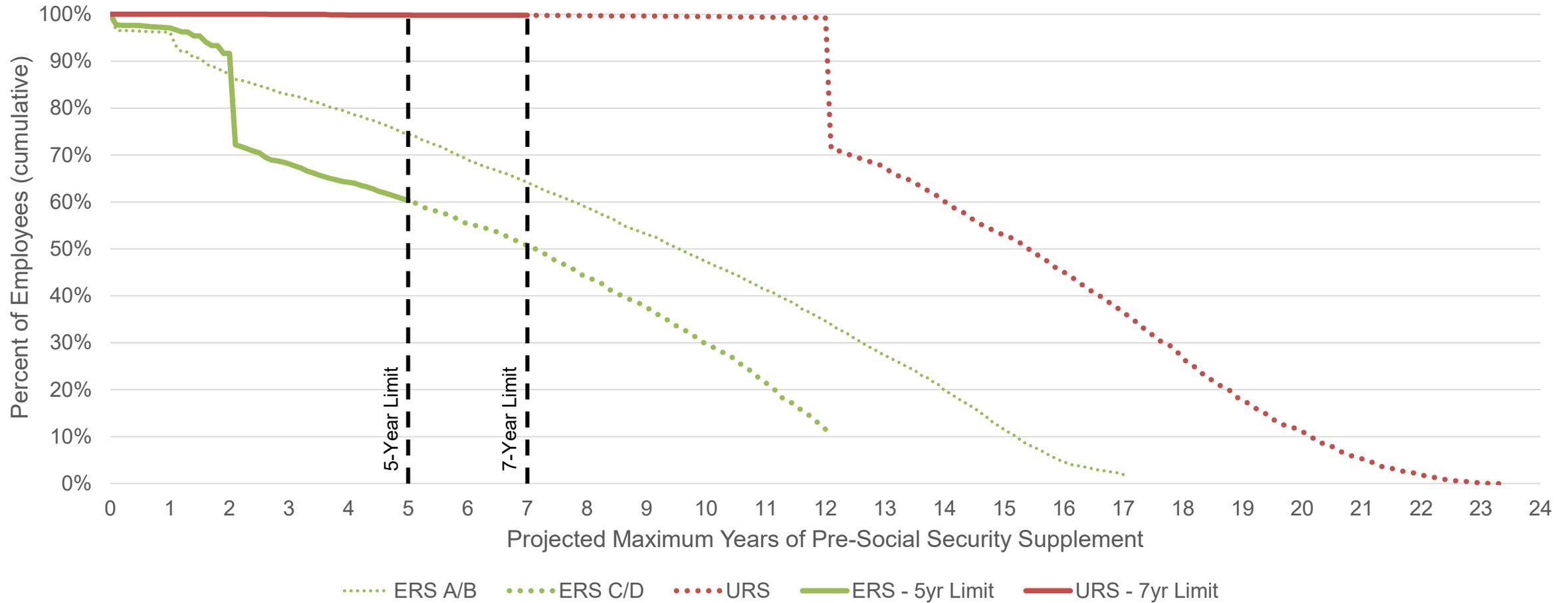
Limit Pre-SS Supplement to 5 (ERS) or 7 (URS) Years

- Estimated to impact 60% of new hires in ERS and 100% of new hires in URS
 - Minimal impact in ERS if Minimum Retirement Age is increased to 60
- Supplement would begin no earlier than age 62 for ERS and age 60 for URS
- Annuity payments would decrease for those that retire at younger ages



Limit Pre-SS Supplement to 5/7 Years

Projected Impact on Future New Hire Population

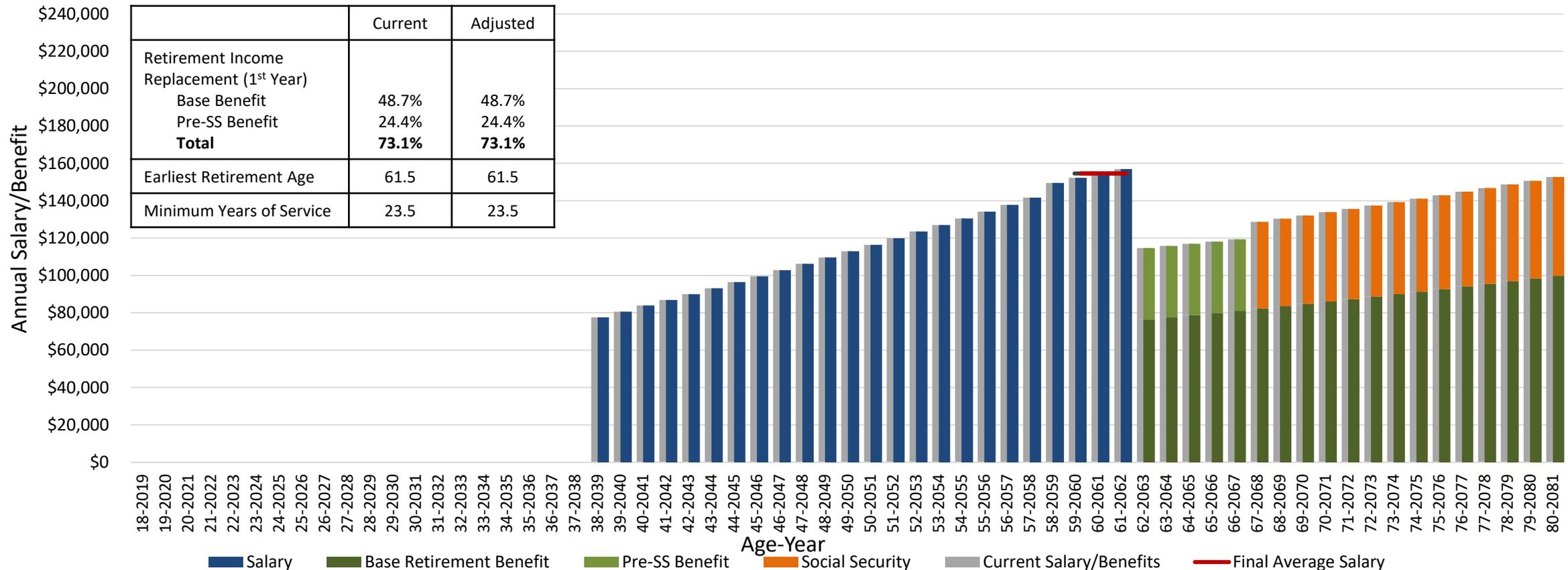


Employees' Retirement System

Limit Pre-SS Supplement to 5 yrs: Average Age Hire

- New Hire in 2039 at Age 38, Hired at 24% of Scale
- Assume S-21 with no promotions
- Retiring at earliest age for unreduced benefits
- Does not include pension-eligible stipends or extra pay
- Estimates Social Security benefit at 30% of Final Average Salary
- Assumes 1.5% Market Rate Adjustments and full funding of pay plan each year
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Projected Retirement Benefit Based on Average New Hire

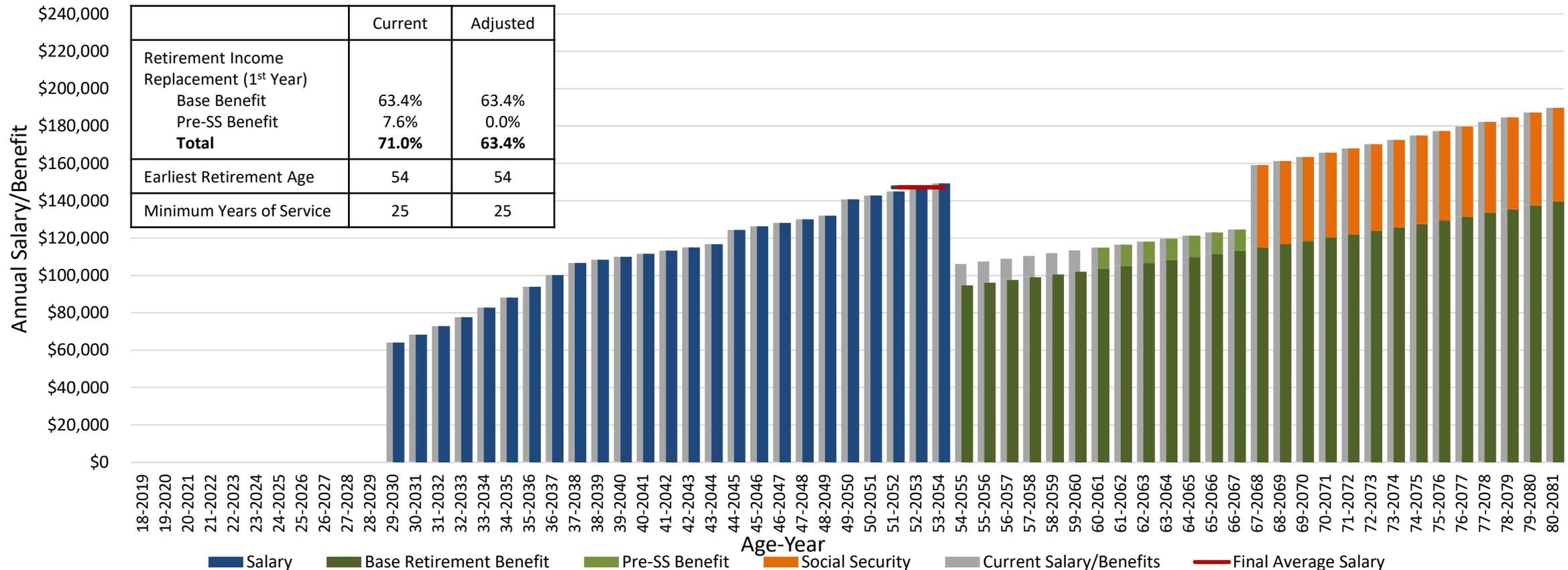


Uniformed Retirement System

Limit Pre-SS Supplement to 7 yrs: Average Age Hire

- New Hire in 2030 at Age 29, Hired at Step 1
- Assume F-18 with no promotions
- Retiring at earliest age for unreduced benefits
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Projected Retirement Benefit Based on Average New Hire

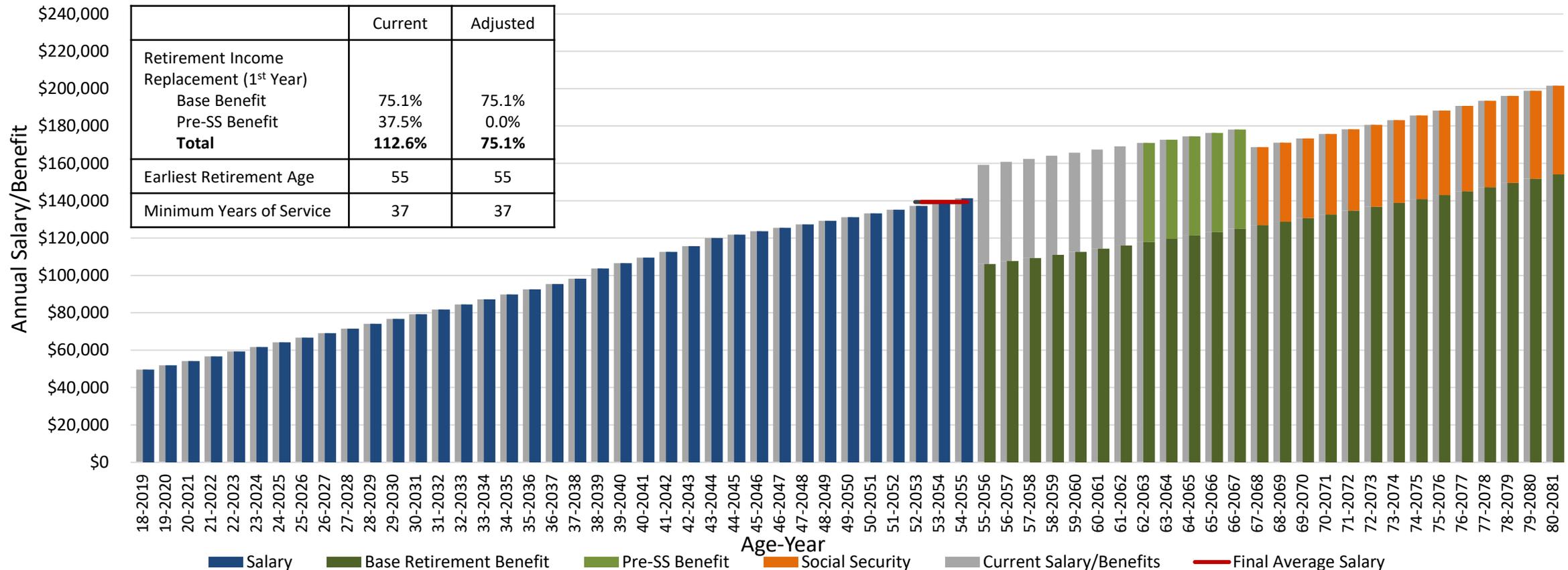


Employees' Retirement System

Limit Pre-SS Supplement to 5 yrs: Age 18 Hire

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Projected Retirement Benefit Based on Age 18 New Hire

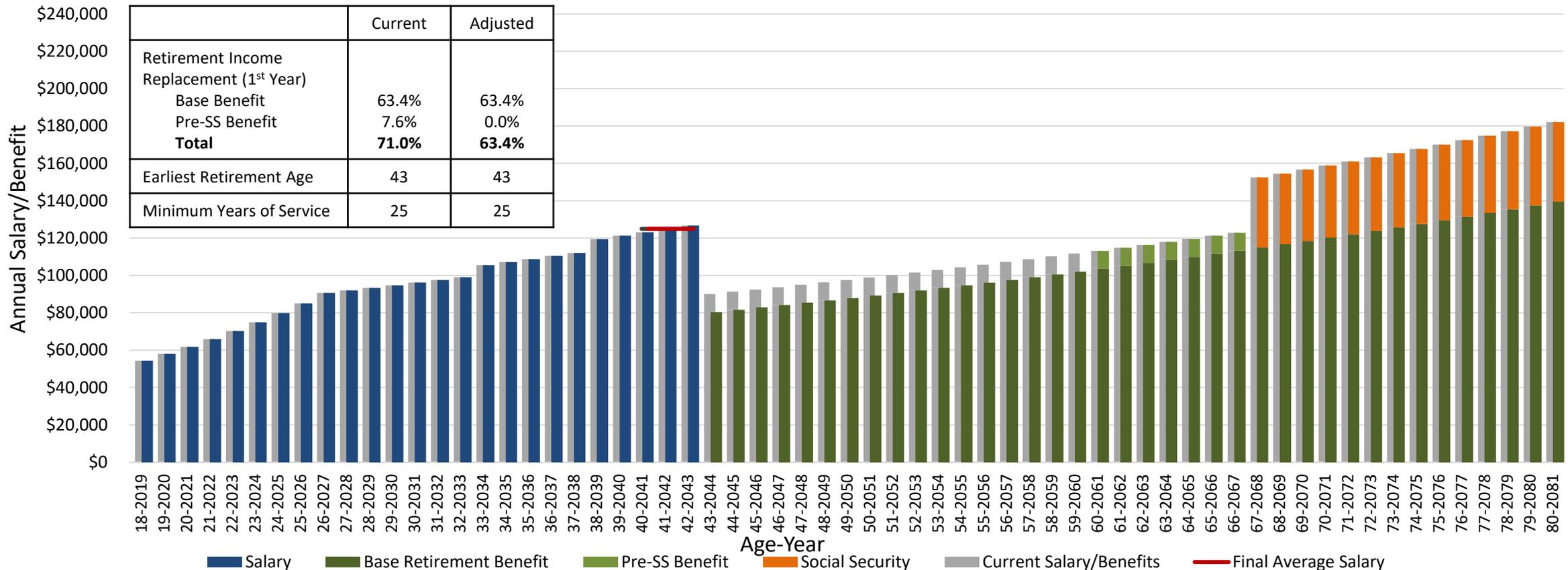


Uniformed Retirement System

Limit Pre-SS Supplement to 7 yrs: Age 18 Hire

- New Hire in 2019 at Age 18, Hired at Step 1
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Projected Retirement Benefit Based on Age 18 New Hire



Retiree Cost of Living Adjustments

Potential Plan Design Changes for New Hires

Retiree Cost of Living Adjustments (COLAs)

- Effective July 1 each year
- Equal to the increase in the Washington area Consumer Price Index (CPI-U) for the twelve months ending March 31, up to a maximum of 4.0%
- The COLA is not applied to the pre-Social Security Supplement

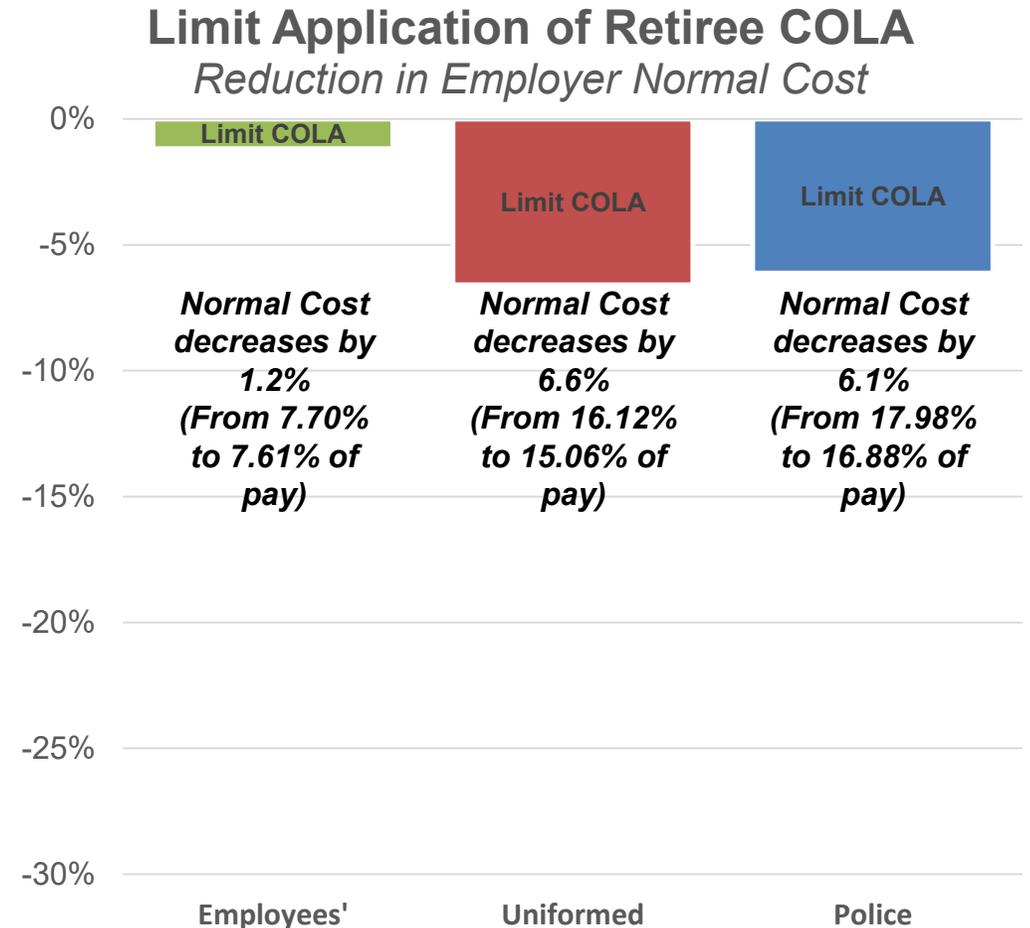
Option 6: Limit Application of Retiree COLA (All)

Potential Plan Design Changes for New Hires

Potential Change for New Hires

Limit Application of Retiree COLA

- The COLA provided to new hires when they retire would be calculated on only the portion of retirement income that falls below a certain threshold
- Threshold would be increased by the COLA each year
- Provides inflation protection to those with smaller annuity payments
- Larger annuity payments would be partially protected from inflation

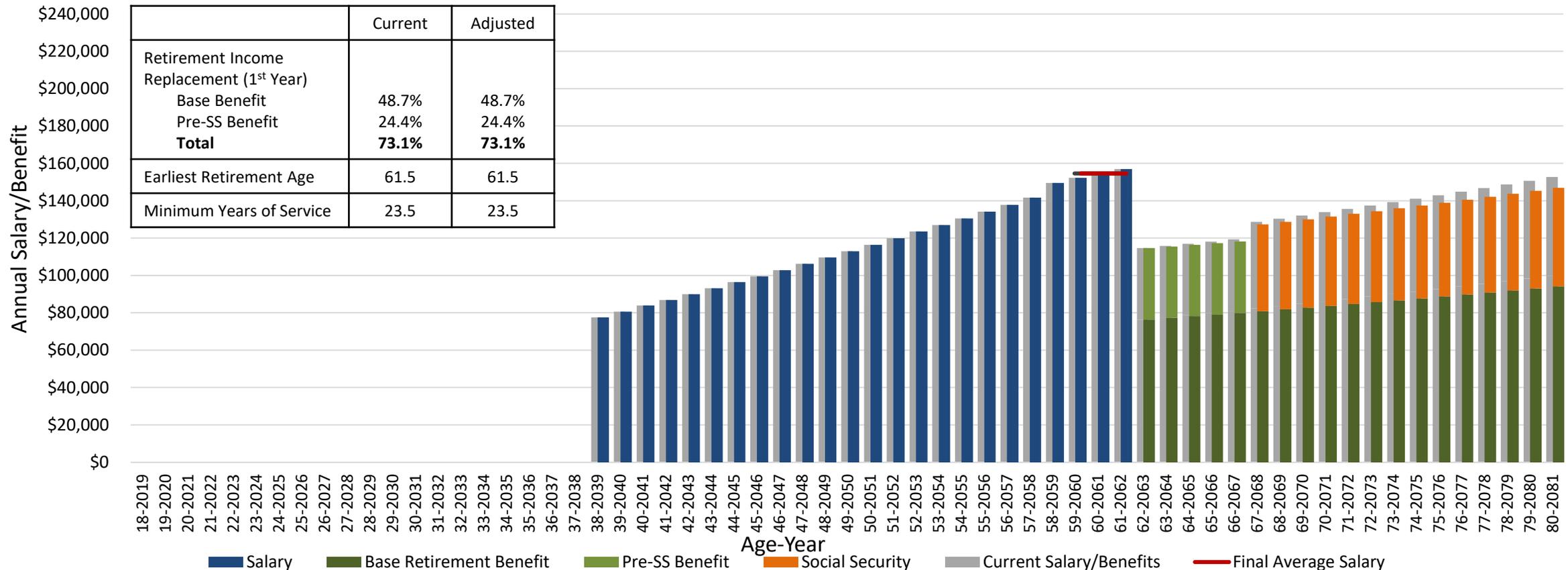


Employees' Retirement System

Limit Retiree COLA: Average Age Hire

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Projected Retirement Benefit Based on Average New Hire

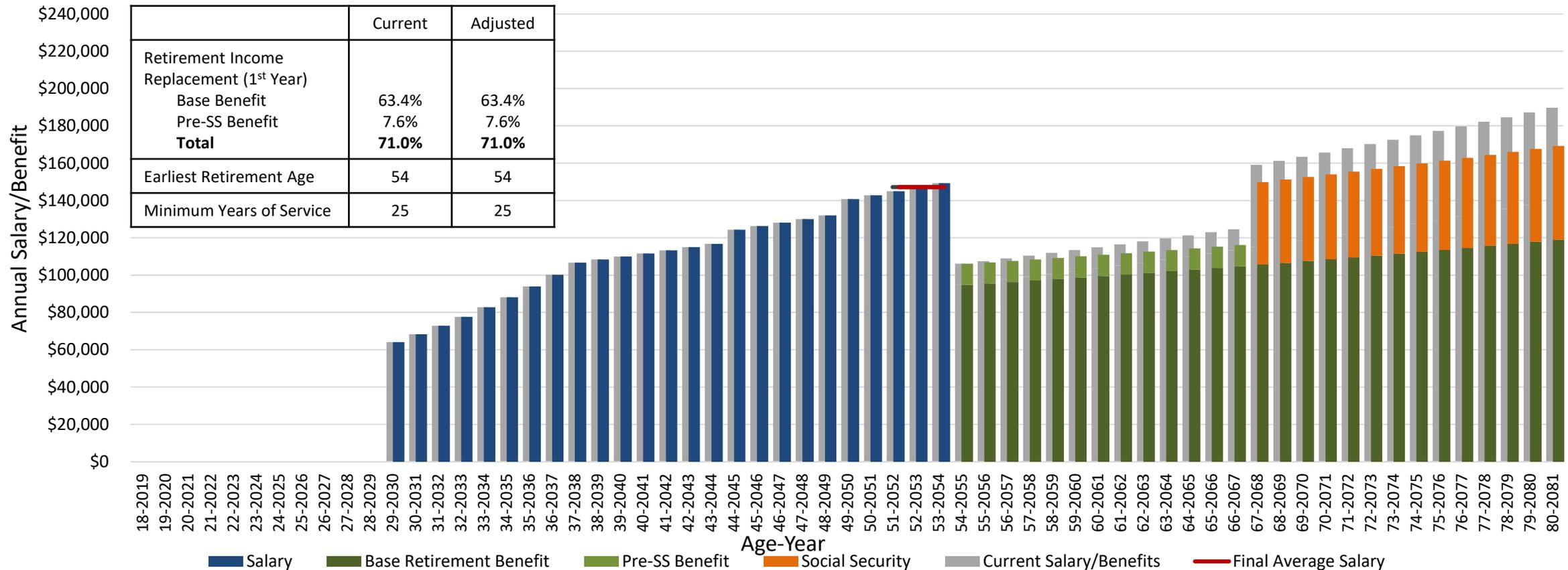


Uniformed Retirement System

Limit Retiree COLA: Average Age Hire

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Projected Retirement Benefit Based on Average New Hire

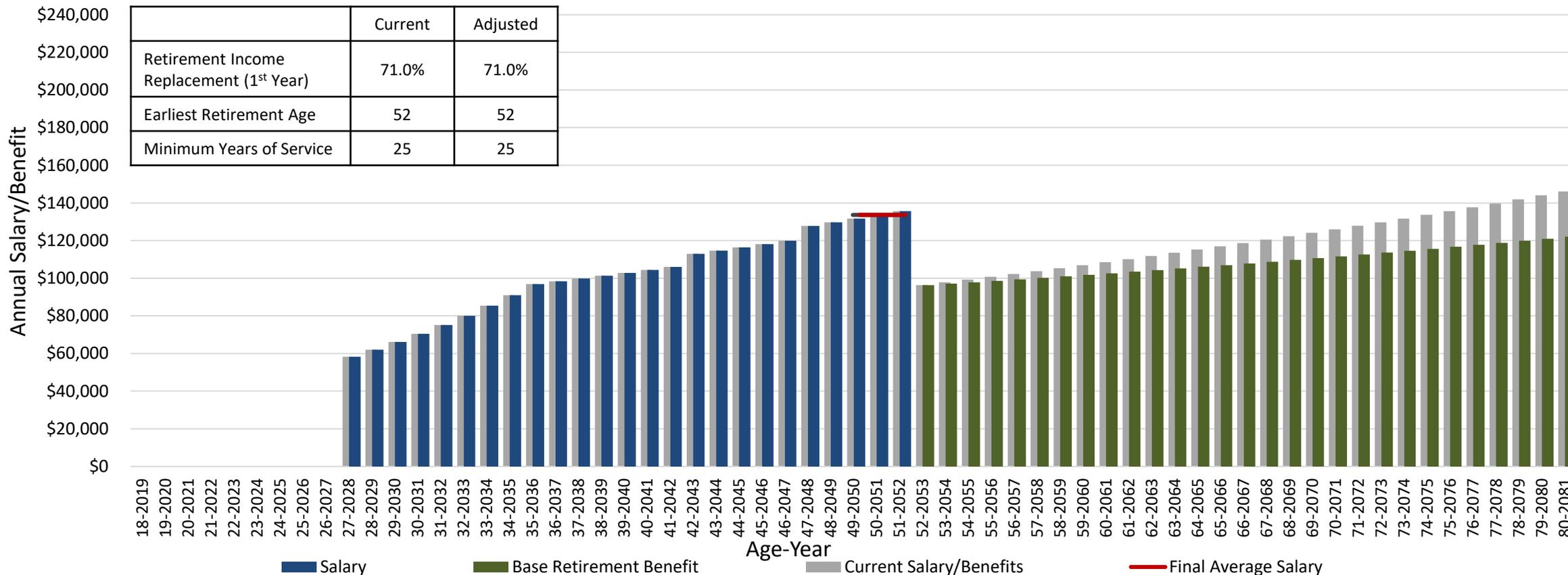


Police Officers Retirement System

Limit Retiree COLA: Average Age Hire

- New Hire in 2028 at Age 27, Hired at Step 1
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Projected Retirement Benefit Based on Average New Hire



Package A

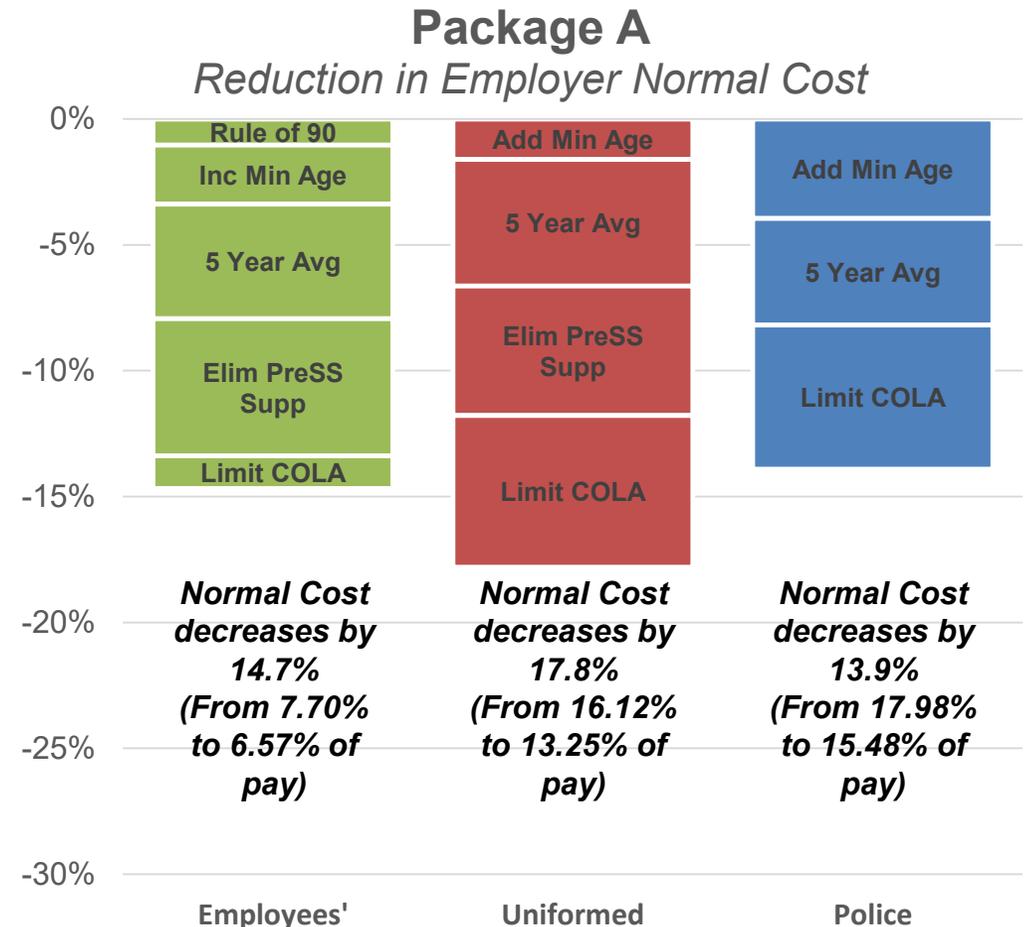
- ☑ Rule of 90 (ERS)
- ☑ Minimum Retirement Age 60 (ERS) and 50 (URS/PORS)
- ☑ 5-Year Salary Averaging Period (All)
- ☑ Eliminate Pre-Social Security Supplement (ERS/URS)
- ☒ Limit Pre-Social Security Supplement to 5 (ERS) and 7 (URS) Years
- ☑ Limit Application of Retiree COLA (All)

Potential Change for New Hires

Package A

- Estimated General Fund savings of approximately \$11.8 million when fully implemented based on current payroll

- ✓ Rule of 90 (ERS)
- ✓ Minimum Retirement Age 60 (ERS) and 50 (URS/PORS)
- ✓ 5-Year Salary Averaging Period (All)
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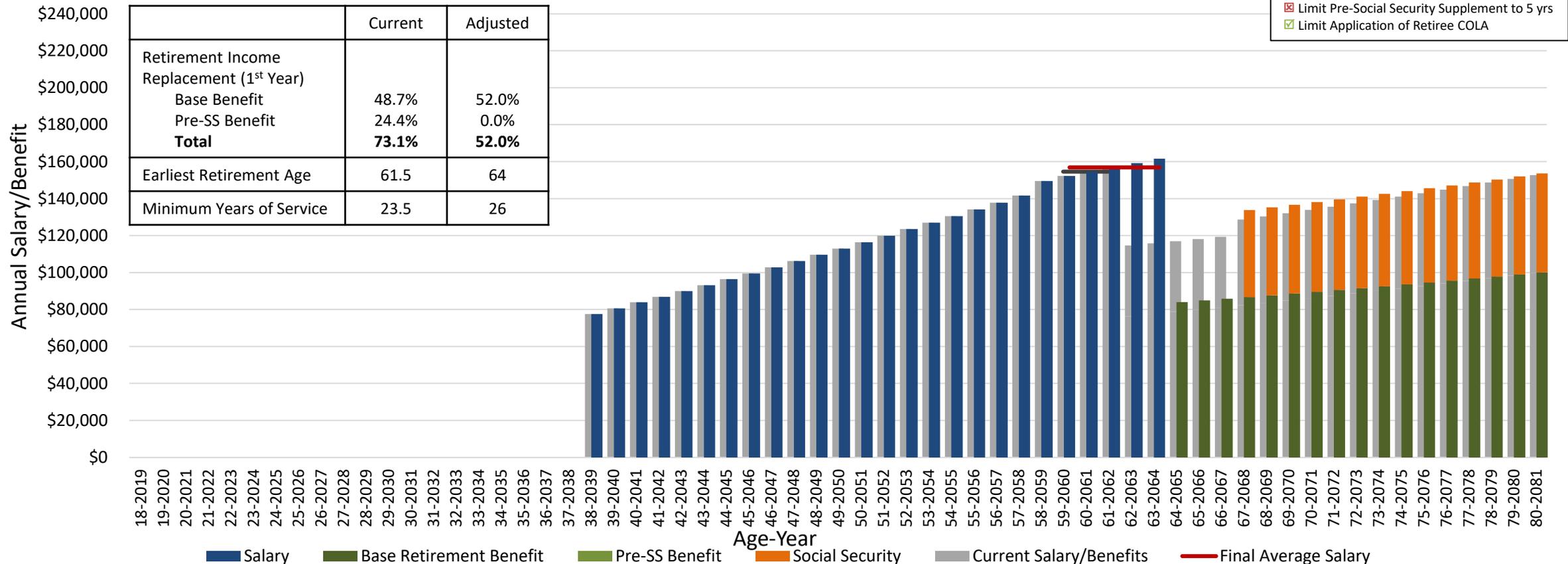


Employees' Retirement System

Package A: Average Age Hire

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Projected Retirement Benefit Based on Average New Hire

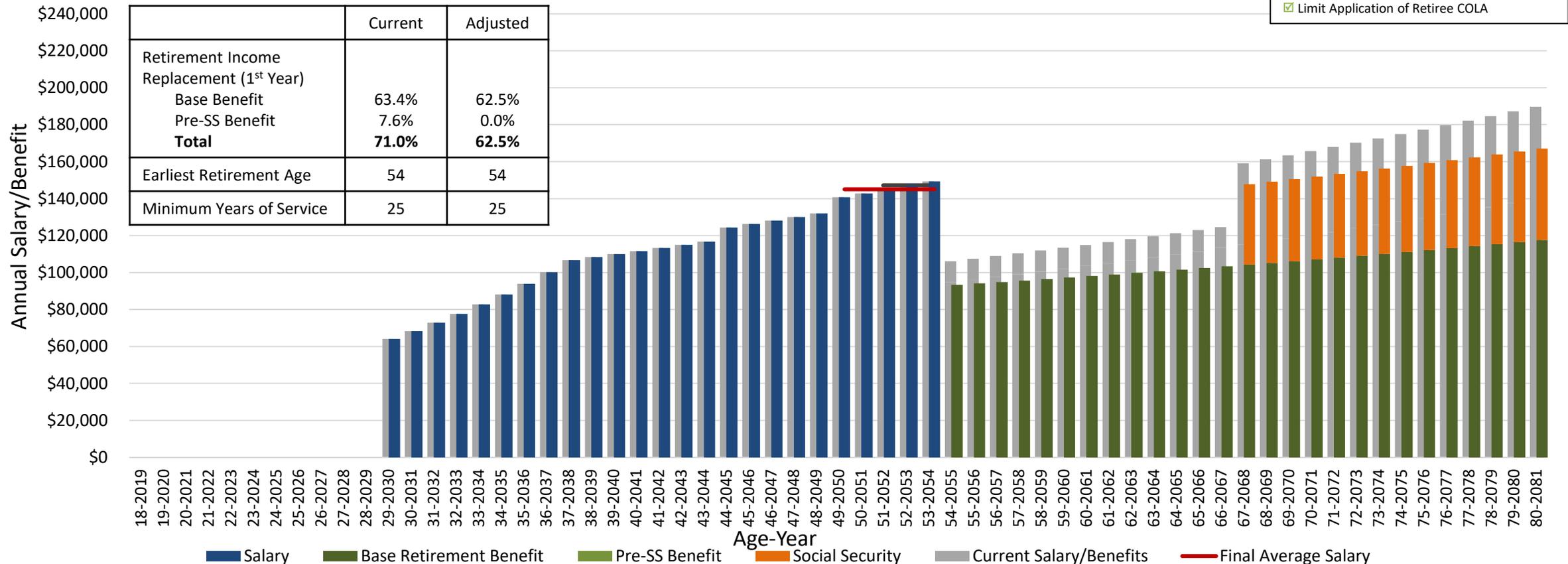


Uniformed Retirement System

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Projected Retirement Benefit Based on Average New Hire



- ☑ Minimum Retirement Age 50
- ☑ 5-Year Salary Averaging Period
- ☑ Eliminate Pre-Social Security Supplement
- ☒ Limit Pre-Social Security Supplement to 7 yrs
- ☑ Limit Application of Retiree COLA

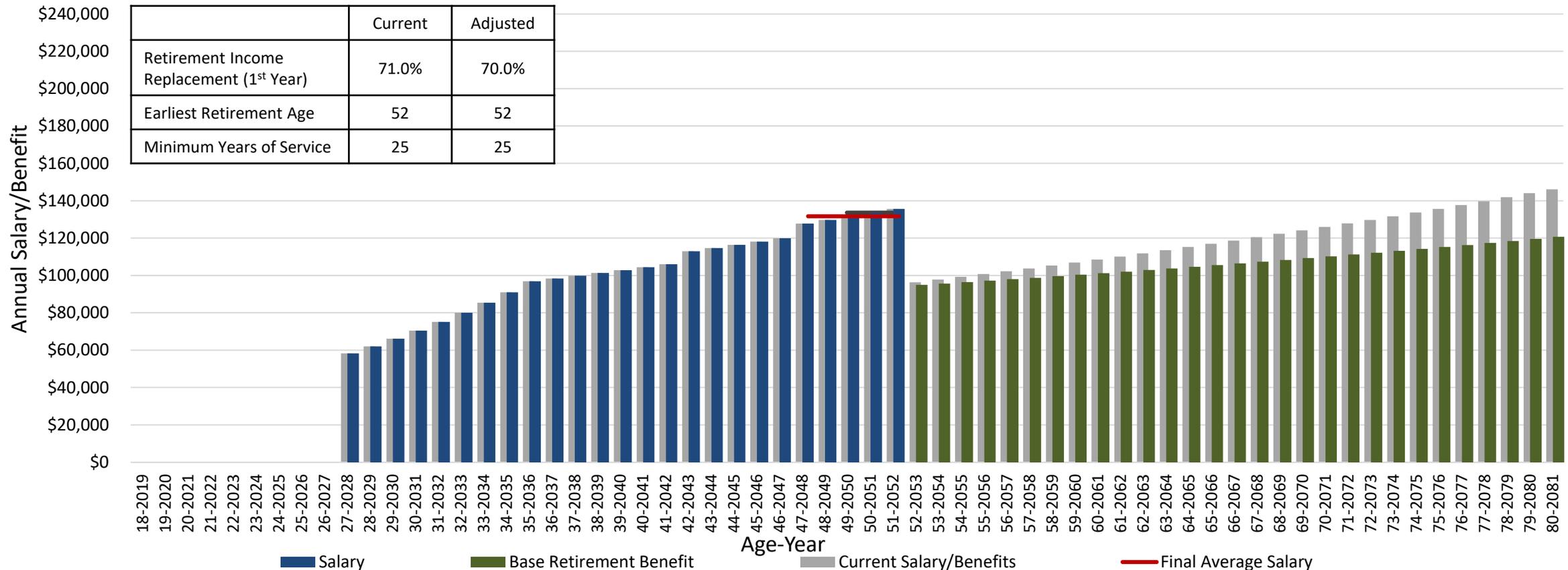
Police Officers Retirement System

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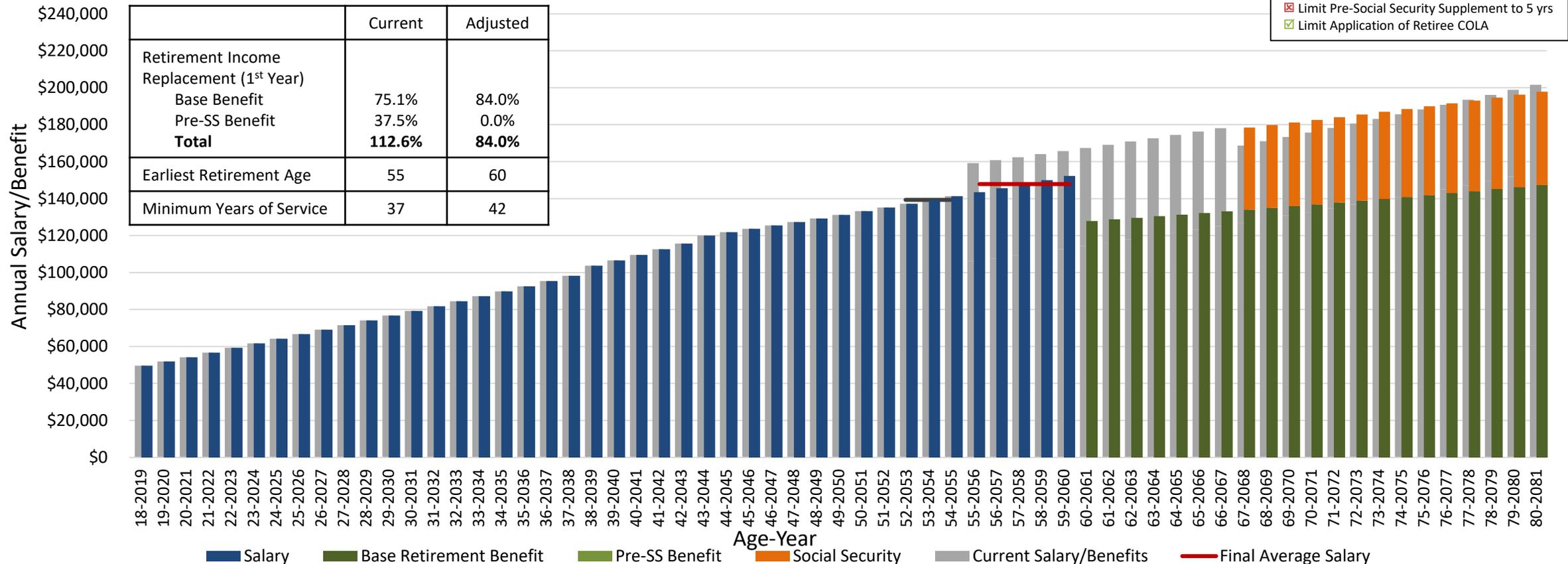


Employees' Retirement System

Package A: Age 18 Hire

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Projected Retirement Benefit Based on Age 18 New Hire

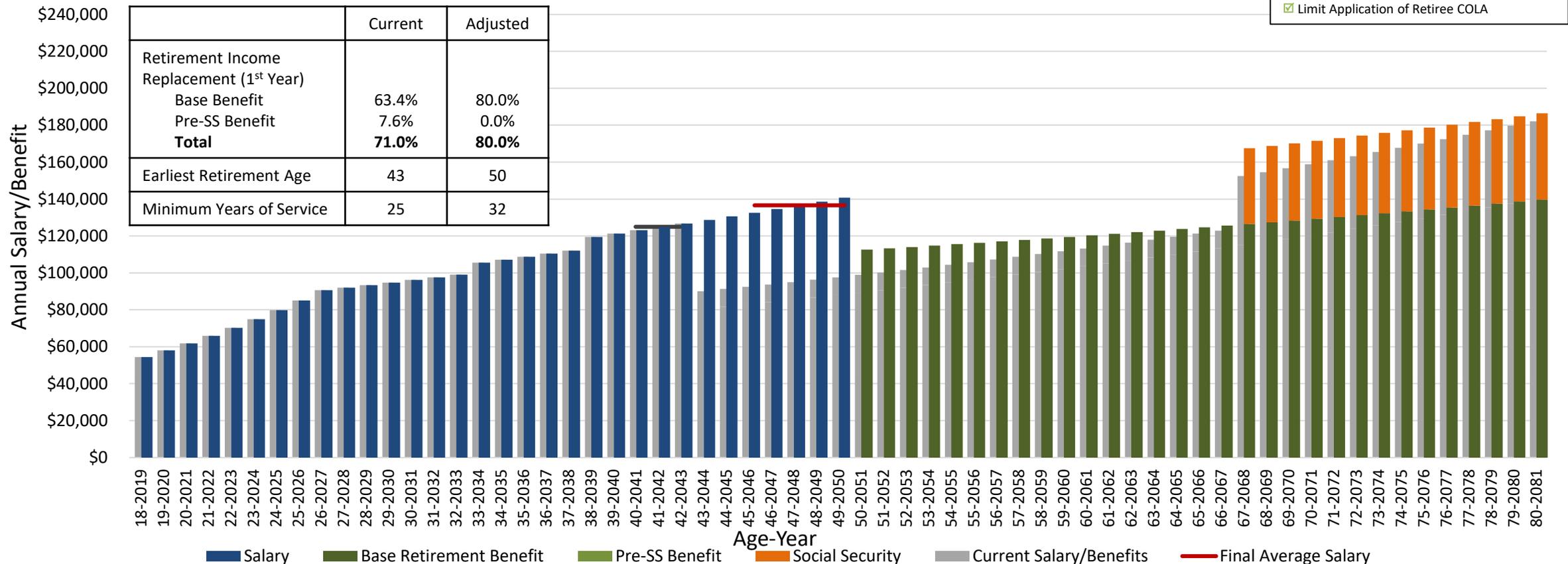


Uniformed Retirement System

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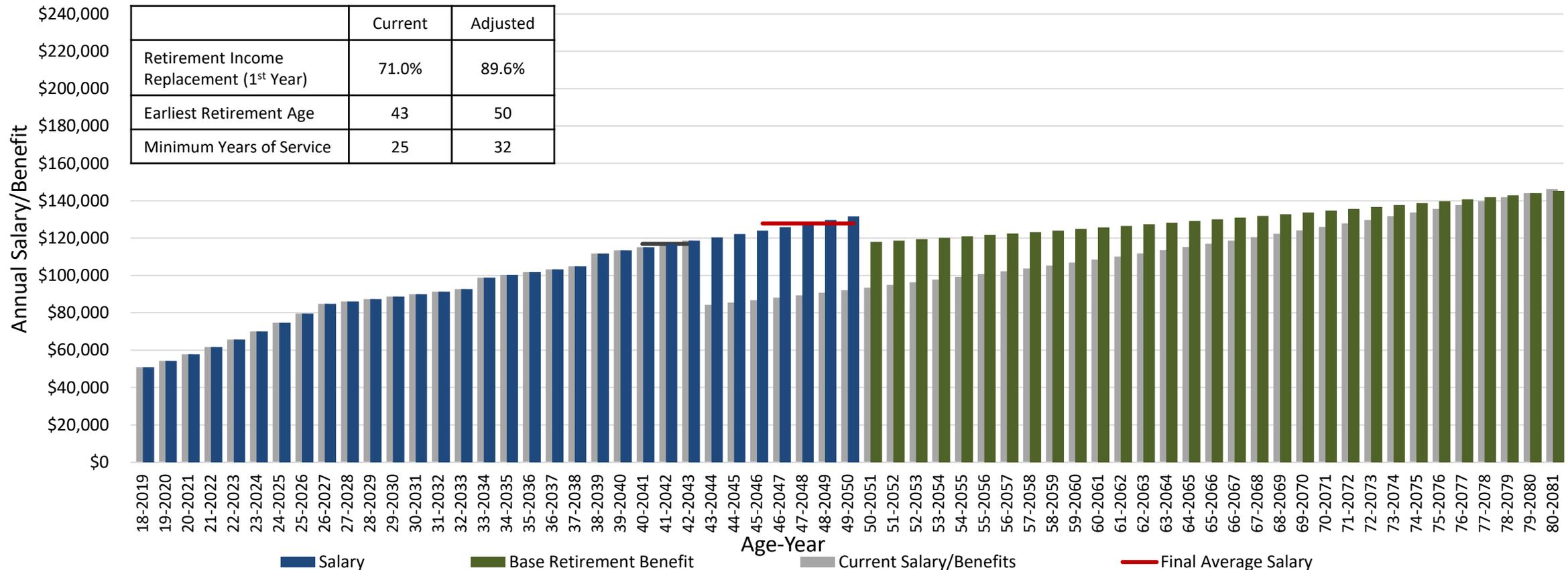
Police Officers Retirement System

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- ☑ Minimum Retirement Age 50
- ☑ 5-Year Salary Averaging Period
- ☑ Limit Application of Retiree COLA



Package B

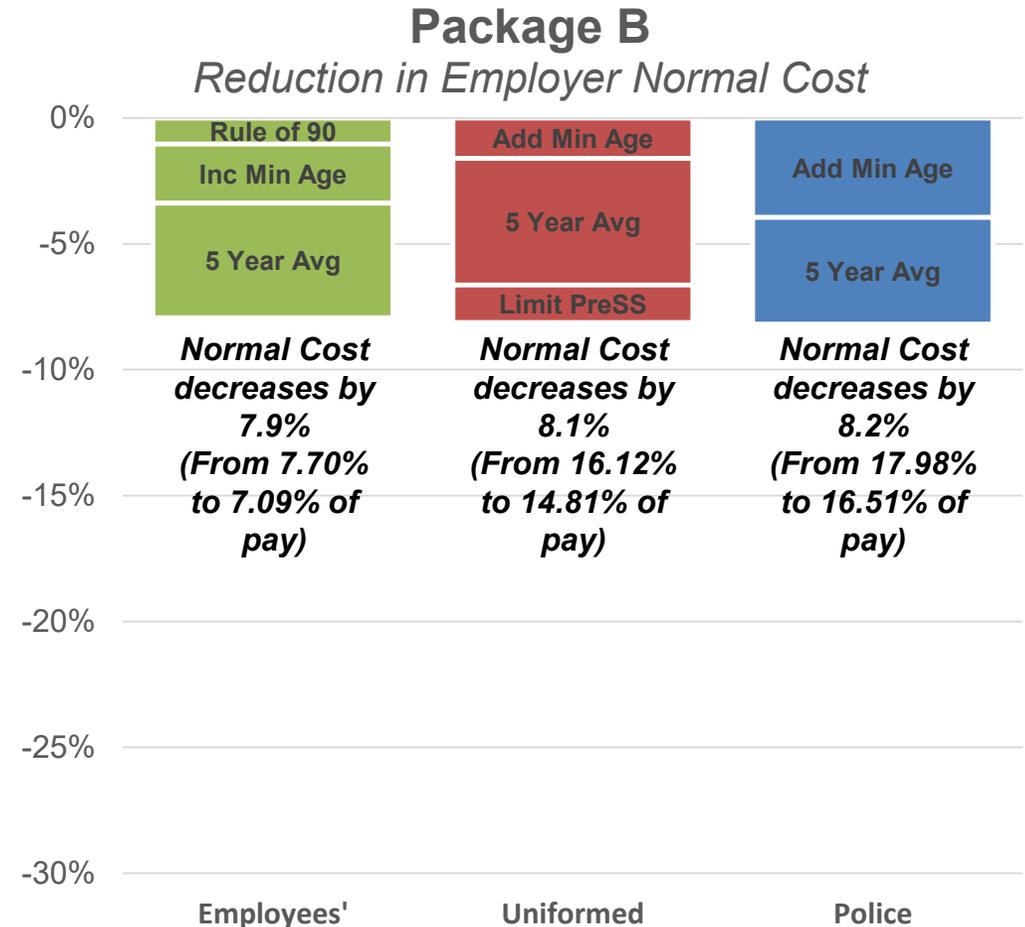
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Potential Change for New Hires

Package B

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- Rule of 90 (ERS)
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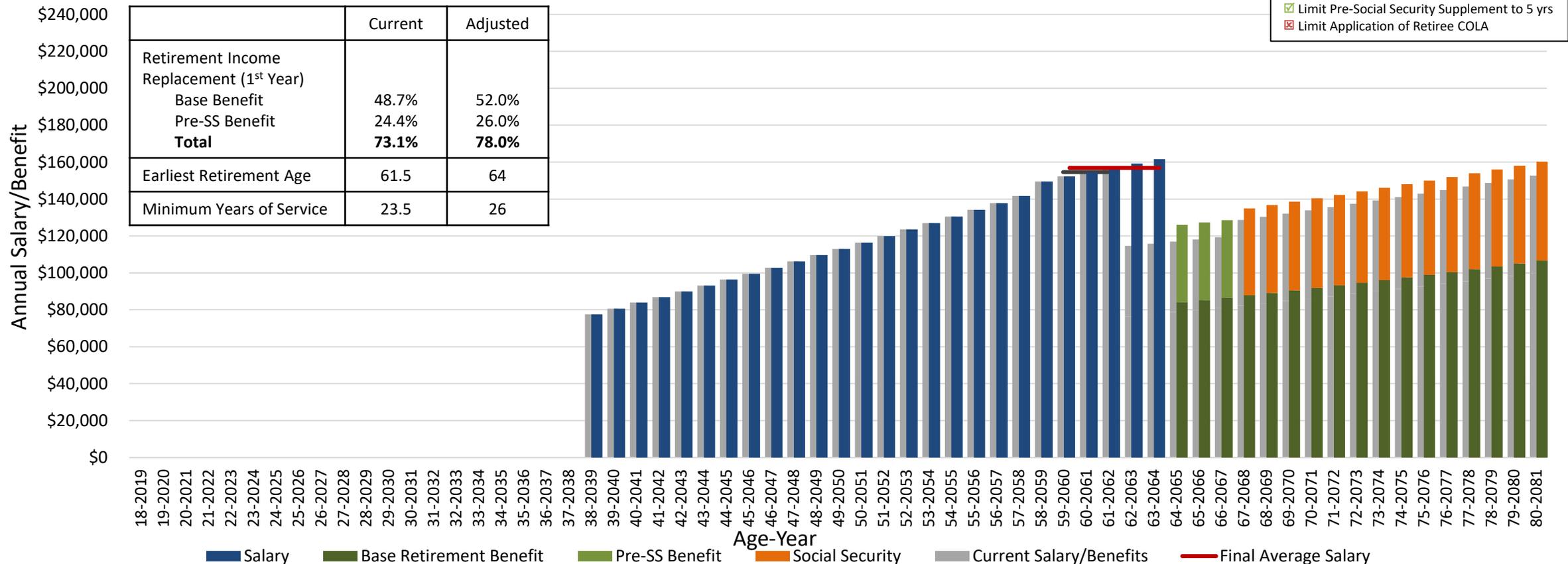


Employees' Retirement System

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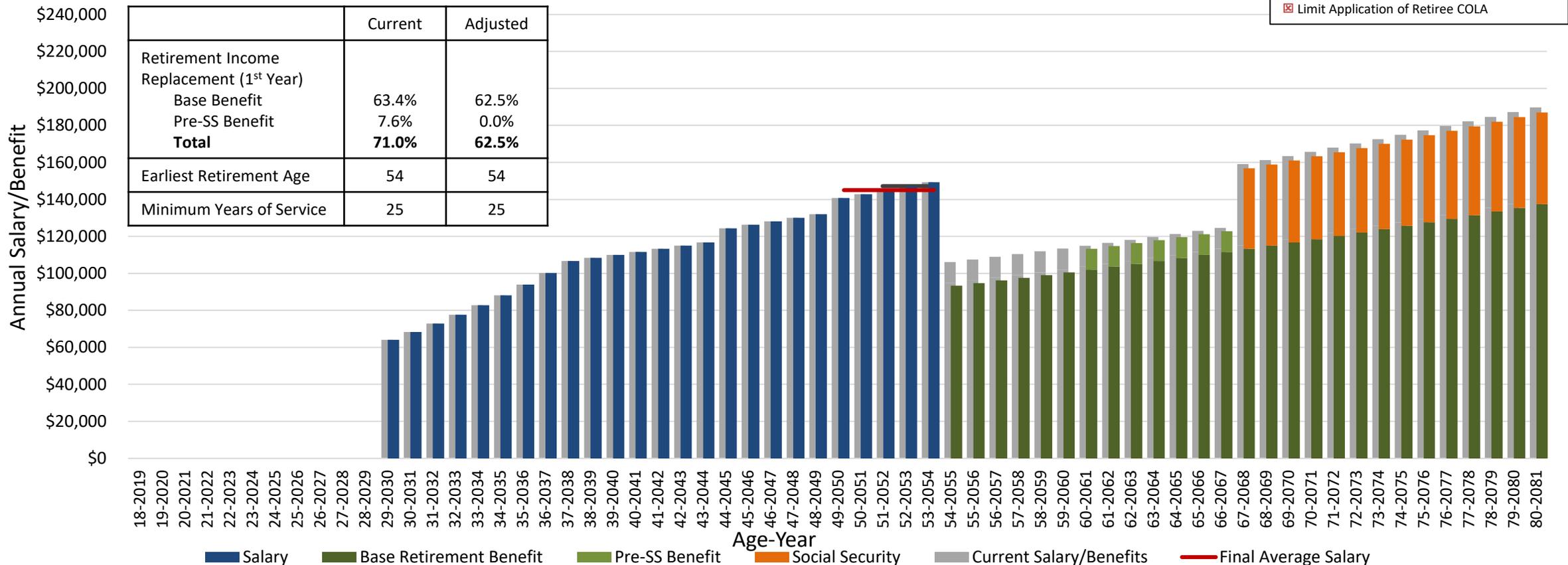
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Uniformed Retirement System

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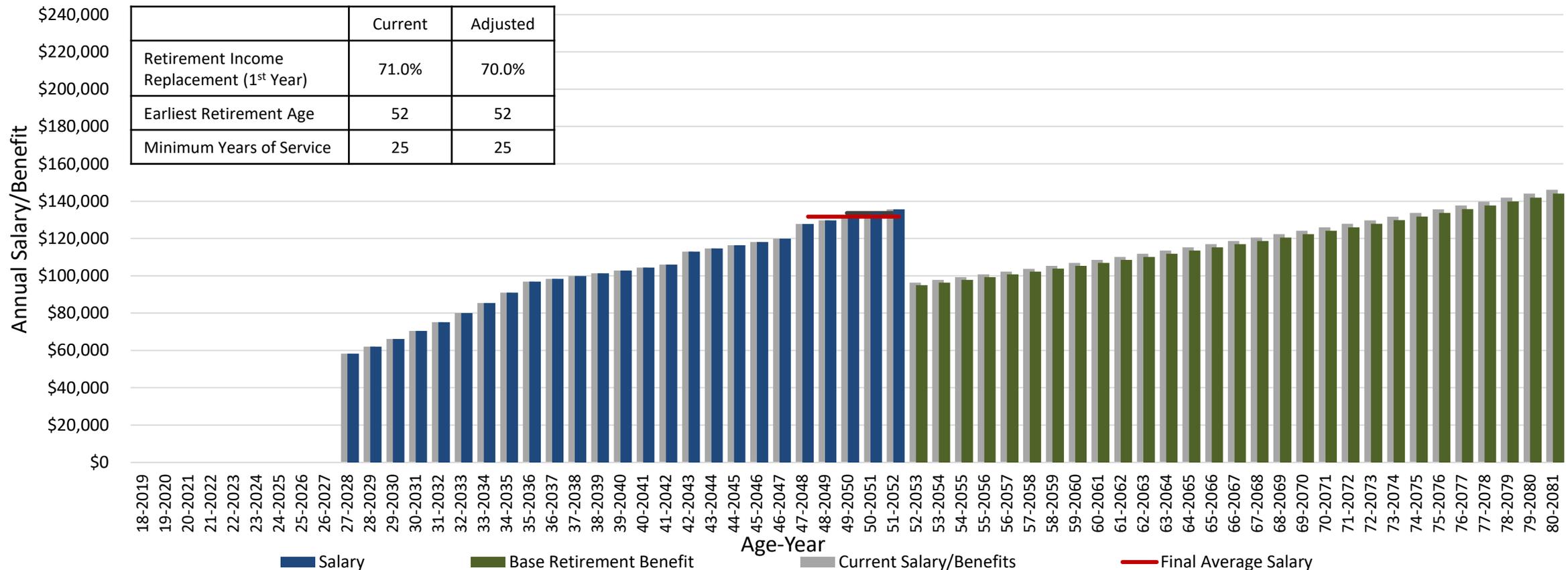
Police Officers Retirement System

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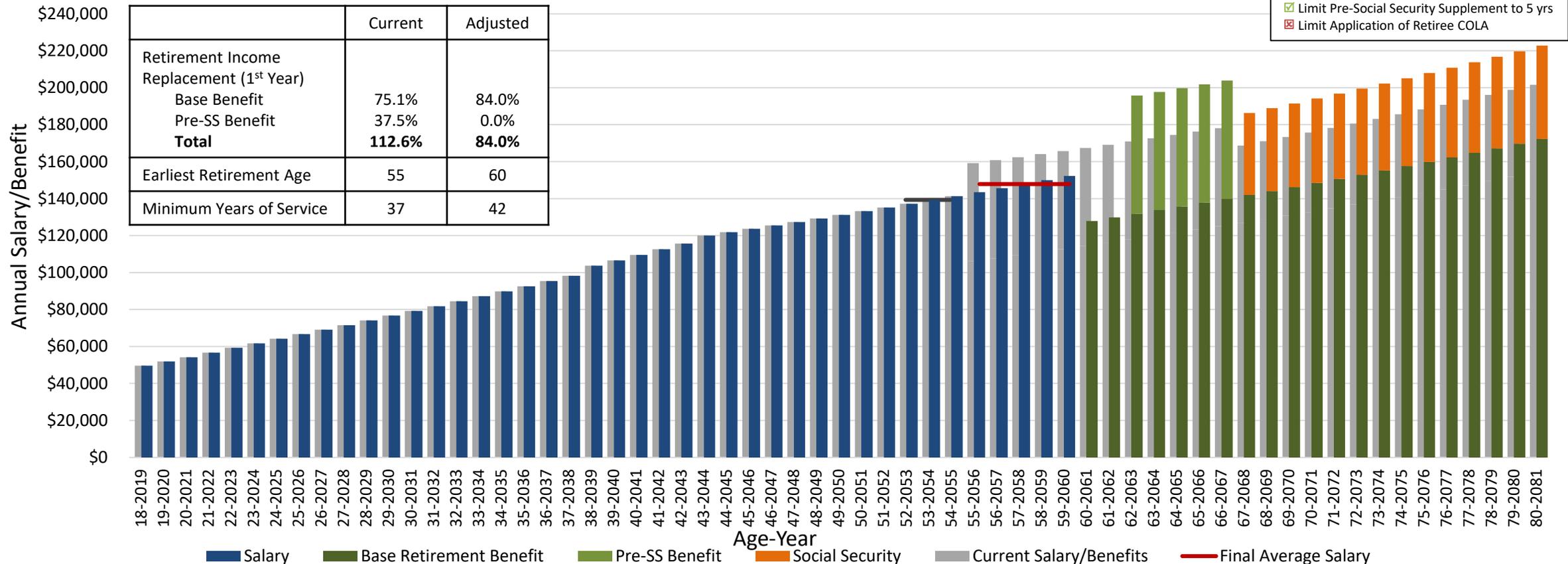


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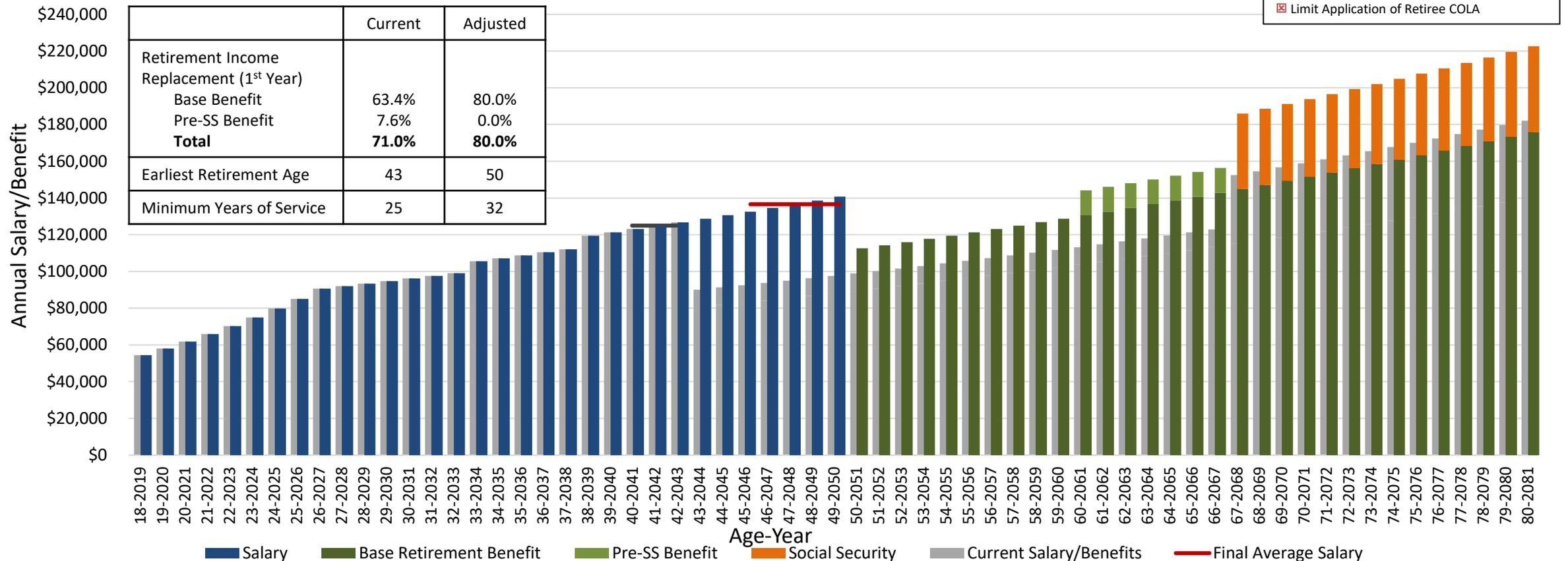


Uniformed Retirement System

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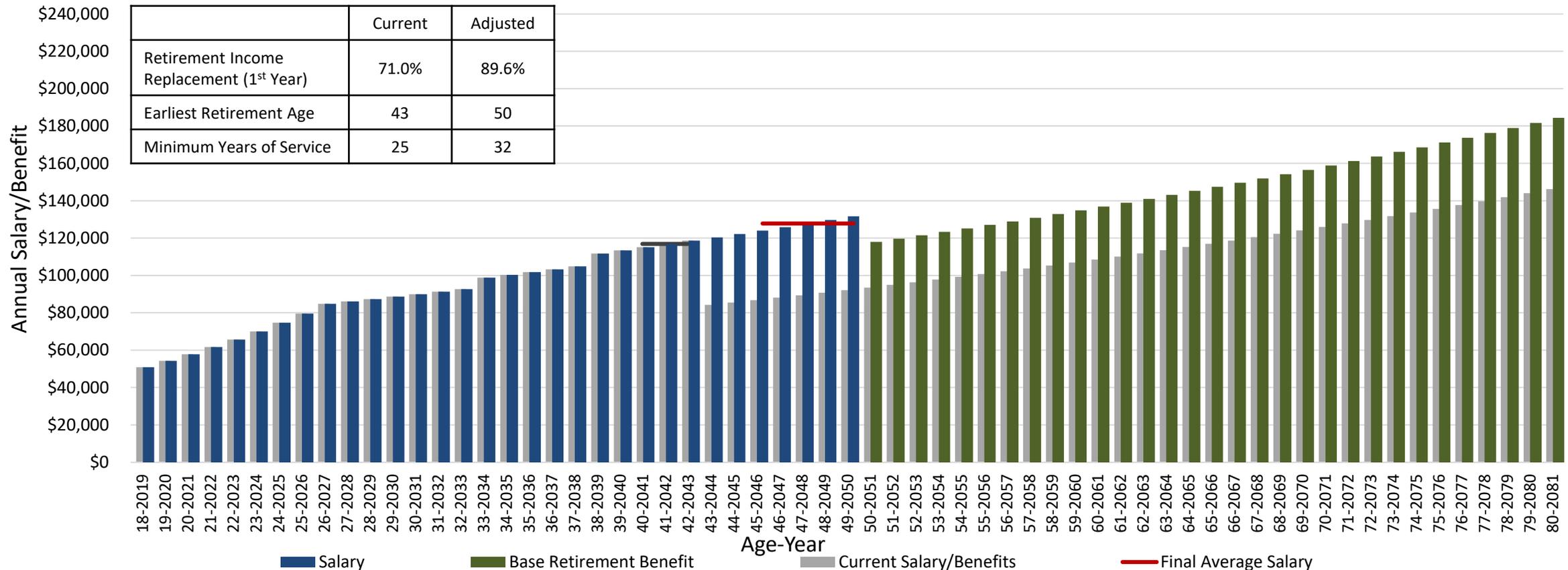
Police Officers Retirement System

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- ☑ Minimum Retirement Age 50
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- ☒ Limit Application of Retiree COLA



Discussion

- Next steps/tentative timeline
 - Fall 2017 – Spring 2018
 - Engagement with employees
 - Discussions with FCPS
 - Review/discussion of changes to plans by a subcommittee of the Board
 - Summer/Fall 2018 – Implementation of changes in code
 - Changes effective for new hires on or after January 1, 2019
- Target savings percentage
- Additional options
 - Reduced benefit multiplier for new hires
 - Capped benefit level for new hires
 - Use of sick leave for retirement purposes for new hires
 - Increased employee contribution rate for new hires
 - Wage types included in benefit calculation for new hires
 - Optional buy-out of pre-Social Security supplement for existing employees